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FINANCIAL TIMES

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News Summary

China in UN: cautious world weighing effects

After the drama of the vote in which the U.S. lost its bid to keep "two Chinas" at the UN, the rest of the world was left cautiously weighing the effects of Peking's entry to the world assembly.

The vote on China's admission was taken in the General Assembly at 4 a.m. London time yesterday. The U.S. first lost an "important question" resolution that the admission of China should be decided by a two-thirds majority. With this vote going 69-35-15 abstentions, the Chinese resolution to admit and expel Taiwan was won by more than two-thirds, 76 votes to 35 with 17 abstentions.

Support
Britain, Russia, France, India, Pakistan all supported the Chinese resolution, leaving the U.S. and a number of other States mostly from Asia and Central America to support the U.S. company against it.

This vote Mao Tse-tung's, with 700m. people, was aimed in place of Chiang Kai-shek's Taiwan whose population is about 15m. people.

There was no immediate reaction from Peking. A cable was sent to the UN acknowledging the admission. And at a reception in the Chinese capital the effect of being on the losing side of the vote could be felt. The Foreign Minister, Chiao Guoqiang, claimed the vote as "a already unstable Government in the eyes of the peoples of the greater trouble."

Defeat for U.S., Page 9; Editorial comment, Page 22

Business

Jennedy rebuked by Heath

Heath yesterday condemned Senator Edward Kennedy's "irresponsible and irresponsible" statement on the "U.S. position on Vietnam."

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Equities rally

LONDON EQUITIES rallied in the absence of fresh selling. The index ended 3.3 up at 405.9 though the overall ratio was a fall-to-rises 7.5. Gilt, 10-year, fell 0.5 to 104.5.

WALL-STREET'S index lost a 51-point rise and ended 3.14 down at 845.36.

ROLLS-ROYCE MOTORS will be taken over by Mr. Fraser in December. Mr. Fraser has joined the Board; he will succeed Dr. F. Llewellyn Smith who became Rolls-Royce Motors chairman on its formation last April. Mr. Fraser took over the company in December 1969. He was previously managing director of Lazard Brothers, merchant bankers. His appointment to the chair of Rolls-Royce Motors is significant in view of its probable market situation in 1973.

Trafalgar bids for Limmer

TRAFALGAR HOUSE has made an agreed £7.7m. counter-bid of 60p a share for Limmer Holdings, nearly double Trafalgar's 32p bid. Limmer's road surfacing activities would fit in with Trafalgar's contracting and civil engineering side.

Airport employees at Heath

AIRPORT EMPLOYEES at London (Heathrow) threaten a walk-out today over a driver's wage dispute. The union says services are not likely to be affected.

Ship orders lowest for four years

THE INFLOW of new merchant ship orders to British shipyards in the third quarter of this year was the lowest for over four years, according to a survey by the Shipbuilders' Association.

The survey shows that the total number of orders for new merchant ships in the third quarter of 1971 was 1,300, compared with 1,500 in the third quarter of 1967, when the industry was at its peak.

Price changes

	101	0
Kellogg's	101	0
Lyons Bank	101	0
Midland Elect.	110	16
Minet Hides	342	22
Pullman (R. & J.)	109	12
Robinsons (G. A.)	50	61
Starling (G. A.)	328	7
Wood Sawtooth	134	8
Shell Transport	346	0
Longbourne	164	8
Powellson	670	30
Allen (Edgar)	257	20
Allied Irish Bank	485	10
Costain (R.)	198	6

Jenkins rejects call by MPs not to vote for entry

BY JOHN BOURNE AND RICHARD EVANS

Mr. Roy Jenkins, deputy leader of the Labour Party, last night firmly but politely resisted pressure from well over half of the Parliamentary Labour Party to persuade his Pro-Market colleagues "to think again."

The MPs had also asked Mr. Jenkins to persuade his Pro-Market colleagues "to think again."

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Warning

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Criticism

He added that the timing of the letter was designed to give Mr. Jenkins an opportunity to reconsider his position without being rushed, and at the same time to let members of the Labour Party throughout the country know that this initiative had been taken by a large number of their MPs.

Barber encouraged by slow-down in price rises

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

MR. ANTHONY BARBER, the Chancellor, said yesterday that the economic measures taken by the Government since July appeared to be "succeeding in moderating the rise in prices."

During question-time in the Commons, Mr. Barber maintained that Britain was now much better placed than for many years to embark on a period of economic growth which could be sustained.

Mr. Patrick Jenkin, Financial Secretary, said an increase in investment was confidently expected, and Mr. Maurice Macmillan, Chief Secretary to the Treasury, told MPs that industry was showing growing optimism over the expansionist policies of the Government.

Tax cuts

From the Tory backbenches Mr. Barber was asked if the prospects foreseen by the Government would make a further cut in taxation possible along with increases in other social benefits.

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Britten-Norman activities to go on

By Michael Dunne, Aerospace Correspondent

MR. MAURICE ECKMAN, the receiver of Britten-Norman (the Isle of Wight aircraft manufacturer), having made his initial appraisal of the situation, is allowing the activities of the company to continue, with a view to selling the assets as a going concern.

This was stated last night after Mr. Eckman had paid a further visit to the Bembridge works. The statement said that the receiver "hopes to carry on the manufacture, sales and servicing of aircraft and spares, and is entering into negotiations with various parties who have expressed interest in purchasing the business."

Redundant

Mr. Eckman also said that, following some redundancies at the company some months ago, he was making further redundancies of 88 to bring the workforce down to 200. This would enable the receiver to carry through his programme on a more economic basis.

Mr. Eckman, of Price Waterhouse, was appointed receiver of Britten-Norman last week, following a decision by Exporters' Refinance Corporation to recall loans of up to £2.5m.

Better outlook

In reaching this conclusion, he drew a considerably brighter picture of the progress towards an international solution of the monetary crisis than that which emerged from the Group of Ten deputies' meeting in Paris last week.

But he also left his audience with the impression that the U.S. is prepared to adjust its negotiating position, and that if there is no prospect of a multi-lateral package being agreed soon by the end of this year it might be ready to consider commitments to change their parties and remove trade barriers by individual countries. In return, he hinted, the U.S. could remove the surcharge.

Clear tactic

The U.S. has also been coming under growing pressure from Canada for an individual exemption. In a clear tactic to represent its case, the Canadian Government recently postponed indefinitely its participation in the bilateral talks on a joint energy policy.

This is important in the U.S. because, with Alaskan oil fields still not operating, Canada represents the closest source of foreign energy resources to U.S. territory. It is generally agreed that well before the end of this century a sizeable proportion of U.S. energy needs will have to be supplied from outside sources.

SHOPKEEPERS IN BREAKAWAY

DIFFERING views on future parking requirements in the centre of Nottingham have prompted some shopkeepers in Nottingham Chamber of Commerce and Industry to plan a "breakaway" association.

Three prominent members of the Chamber have formed a nucleus for a new association. They are Marks and Spencer; Jessops; of the John Lewis Partnership; and Griffin and Spelling, of the Debenhams Group.

FLOATING £

	£	change
U.S. \$	2.49	+3.1
Can. \$	2.49	+3.1
Swiss fr.	1.46	+1.1
Belg. fr.	116.37	-1.1
Fr. franc	13.77	+3.3
West German mark	1.75	+1.4

New York close

New York close: Dow Jones Industrial Average 1,245.42, up 12.42 from 1,233.00.

U.S. hints at flexibility on surcharge

BY GUY DE JONQUIERES

WHILE continuing to maintain publicly that it has set no time limit for the duration of the 10 per cent. import surcharge, the Nixon Administration is now putting it about privately that it might be possible to remove the measure—perhaps on a selective basis—by the end of this year.

This was suggested by a senior American monetary representative at a closed-door meeting of influential businessmen in Washington last week. The meeting was one of several arranged by the Administration recently to communicate top-level official thinking on trade and monetary problems to the business community.

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Money crisis needs world solution

Back Page

ON OTHER PAGES

Bahamas	Pages 30-34	Mining News	25
Liverpool and Merseyside	Pages 36-37	Money Market	40
Overseas News	5, 7 & 9	Overseas News	12
Arts and Entertainment	13	Parliament	13
Classified Advertisements	14	Police	14
Company News	24-26	SE Dealings and Statistics	42 & 43
Crossword	27	Sport: Tennis	16
Electricity's World	28	Stock Exchange Report	17
Event News	29	Theatre and Cinema	18
FT Share Information	41 & 42	The Technical Page	19
General Today	11	Today's Events	11
Home Outings	12	TV and Radio	12
International Company News	21	Wall St. and Overseas Markets	20
Leading Articles	23 & 24	Your Business Problems	21
Letters	2	PROSPECTUS	
Lex and Lambard	22	Dundee, Perth & London Sects.	29
Miscellaneous	22	Comment Page 24	

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The new Olympia pocket electronic notebook DG101

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A high-speed reversing action? yes/no
Perfect tonal quality at all volumes? yes/no
An acoustic warning that you're coming to the end of the tape? yes/no

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Farming and Raw Materials

Peru mines strike averted

By John Edwards

THE threatened strike by Cerro de Pasco mine workers in Peru was called off before it began, according to a Reuters report yesterday from Lima. It said that the workers at Cerro de Pasco, who had threatened to strike yesterday, postponed the stoppage indefinitely following a promise from Juan Velasco Alvarado, the Peruvian President, to mediate on their wage claims and demands for improved working conditions.

Copper prices eased slightly on the London Metal Exchange on the news that a strike had been averted, but it was only a small increase.

S. Atlantic fish pact ratified

By David Egli

GENEVA, October 26. A CONVENTION to regulate fishing in the South-east Atlantic comes into force this week following ratification by the Soviet Union, the fourth state to ratify with a total 1968 catch of at least 700,000 metric tons. Other countries in the same category which have ratified the convention are South Africa, Japan and Portugal. Taken together these four countries caught more than 2.9m. tons of fish in the area in 1968.

The convention, drafted under the auspices of the UN Food and Agriculture Organisation, provides for the establishment of an international commission to study stocks in the area between 18 degrees south and 20 degrees south latitude and 20 degrees west and 40 degrees east longitude, and make recommendations for rational exploitation of the fisheries.

The catch in this area has increased thirty-fold since the beginning of the Second World War. Prior to 1939 less than 100,000 metric tons were caught annually while by 1968 the total, mostly hake and pilchard, amounted to 3.3m. tons.

Mansholt more optimistic over future of CAP

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

LUXEMBOURG, Oct. 26.

The Common Market Commission is now considerably more optimistic that Germany will not cut itself off ideologically from the Common Farm Policy by adopting a separate system of agricultural prices after a revaluation of the D-Mark.

Dr. Sieco Mansholt, vice-president responsible for agriculture, today said that he had been encouraged by recent talks with Herr Josef Ertl, German Minister of Agriculture, and thought that an agreement could be reached with Bonn that would avoid the continued imposition of border taxes on farm goods at the German frontier.

He felt that Herr Ertl was coming round to the view that measures taken to protect the incomes of German farmers after a D-Mark revaluation should be progressively dismantled—perhaps within two to three years.

Border tax

Anxiety in Community circles over German intentions has persisted ever since Herr Ertl told a council meeting at the end of last month that Germany would continue with the present temporary border tax system even after a

Brucellosis curbs on cattle movements

BY GODFREY BROWN

RESTRICTIONS on cattle movements announced yesterday by the Ministry of Agriculture, and coming into effect from Monday, begin a new phase in a campaign which could last 10 years and cost well over £50m. to eradicate one of the major remaining farm diseases in Britain.

The disease, brucellosis, can be communicated to man, causing symptoms which have given it the name undulant fever. It is known to farmers as contagious abortion, causing cows to abort with the loss of the valuable calf.

The restrictions will apply to cattle movements into and within the three main areas and certain islands which form the springboard for the campaign. They are between the rivers Esk and Lune in North-West England, Argyll and Bute on the Scottish western seaboard, in a coast-to-coast corridor of Cardigan and Carmarthen in South-West Wales, the Uist and Shetland Islands, and the Isle of Wight.

The object is to obtain the maximum security against risk of bringing in the disease from outside and spreading it within the areas, while creating the minimum interference with the

normal farming life of the areas. The new restrictions state that no cattle except steers may be moved into the areas without a permit unless they are going direct to a slaughterhouse or are in transit through the area in vehicles.

Markets, shows, and exhibitions

Changes have also been made to spread the disposal of breeding cattle and possibly so-called farms to get a higher price, by allowing some to be sold for slaughter in fast-track markets, subject to stringent safeguards, instead of the farmer having to send them direct to the slaughterhouse and take virtually whatever price was offered. This relaxation will not apply to animals considered to be actively infected.

Powers to make slaughter of "reactors" compulsory will not be applied in the initial area until November 1 next year. But this is a "once-for-all" exercise and in subsequent areas compulsory slaughter will follow a period of advance notice.

The International Association for Statistical Studies (IASI) has estimated that 1971-72 sugar production at 10.9m. tons against 9.6m. tons the previous season.

West German output was put at 2.25m. tons compared with 2.1m. tons in 1970-71 and in France at 3.1m. (2.5m.) tons. U.K. production is estimated at 1.1m. (1m.) tons.

Total production for Western Europe is put at 12.95m. tons against 11.5m. in 1970-71. Reuters

U.S. position

There was considerable embarrassment and confusion in Washington over economic and monetary policy, Dr. Mansholt reported, after the French Minister of Agriculture, M. Michel Cointat, had suggested that there was a need for a re-affirmation of faith in the principles of the policy.

Dr. Mansholt told the Ministers he thought that the Six would have agreed on a realignment of their parities by January, enabling new farm prices to be fixed for the 1972-73 farm season sometime in March. This was also the estimate that he had given senior U.S. officials during his talks in Washington last week.

Reporting on his visit to the U.S., Dr. Mansholt said he had re-stressed the Community's position that the Six would not negotiate away the American import

surcharge by making concessions in the agricultural and trading sectors. The surcharge was a measure imposed for monetary reasons he said and its removal would have to take place in exchange only for a parity realignment of world currencies.

The U.S., for example, had asked the Six to freeze Community cereal prices, Dr. Mansholt said, as this would help the Nixon administration politically.

Dr. Mansholt suggested that the present International Grains Arrangement could be reinforced by the creation of an international administered stockpile of wheat and other major food crops.

This was one way, he said, that current commercial problems could be usefully solved by new international arrangements.

The Ministers to-day failed to reach agreement on a series of aids to farmers intended to improve the structure of Community agriculture under the Mansholt Plan.

The Ministers to-night agreed to an increased price of 3.8 per cent for pig meat. Also a 3 per cent rise in the target price for olive oil for the 1971-72 season.

A new common regime was adopted for wine imports from Mediterranean countries under which Community tariffs are to be cut by 40 per cent. The new regime will come into force on November 1 for Morocco, Tunisia and Turkey.

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American News

Boeing may help build Japan's first jet

Jurek Martin

NEW YORK, Oct. 26. OFFICIALS of Boeing, Inc., said this morning that the company had still received confirmation from the Japanese Government of reports from Boeing had been recommended to help build Japan's first jet airliner, the Boeing 747-200, according to reports, the Boeing Aircraft Advisory Council has made a preliminary recommendation that Boeing, rather than Lockheed or McDonnell Douglas, or perhaps European interests, be invited to participate in the project because proposals would contribute to the development of the Boeing aircraft industry.

The Boeing spokesman, however, said that no official word had been received from the Japanese Government on the matter. It is understood that if recommendation is taken up, the negotiations between the parties would be necessary to settle essential questions, the specifications of the aircraft, its cost and the extent to which the Japanese subsidies would be given.

It is said that Japan wants a wide-bodied jet of the same range as the Boeing 747-200, a twin-engine, wide-bodied jet of the same range. According to the Boeing spokesman, the Boeing 747-200 would be similar to the Boeing 747-200, a twin-engine, wide-bodied jet of the same range. According to the Boeing spokesman, the Boeing 747-200 would be similar to the Boeing 747-200, a twin-engine, wide-bodied jet of the same range.

though reluctant to go into detail about the project, the Boeing spokesman did say that the company had, at stage in its talks with the Japanese, suggested that it might be possible to build the jet simultaneously in both the United States and Japan.

No doubt

This proposal has been translated into a firm offer. It is help explain why Boeing has been preferred to its competitors, since the reports from Boeing have said that the Boeing 747-200 would cost more than those offered by Lockheed and McDonnell Douglas. There must be some doubt whether the Boeing 747-200 could have seriously threatened the Lockheed project in view of the strict conditions on Lockheed's activities imposed under the terms of a federal loan guarantee.

has not so far proved possible to put any dollar figure on the putative contract, the spokesman said he did think that the Japanese Government had actually asked for bids, fixed down to the dollar, on the project, but rather been looking for general proposals.

Trinidad oil output causes great concern

Our Own Correspondent
PORT OF SPAIN, Oct. 26. OIL and Tobago's crude production fell from a 193,000 bbl a day in 1968 to 128,000 bbl this year.

Following these figures in Port of Spain, Minister of Petroleum Resources, Mr. Overland Padmore, said this is a cause for great concern because of the importance of the petroleum industry to the revenue of the country. It was this background, said Mr. Padmore, that Trinidad and Tobago Government had just concluded a historic arrangement with the oil companies—Texaco, Shell, Trinidad and Tobago, and Esso—under which the Government will be entitled to 10 per cent. equity interest in the three-company consortium which is to develop a 187,000-acre area off Trinidad's south coast.

The consortium must also pay the Government production bonuses which could reach \$12m. if production reaches 200,000 barrels a day.

The consortium has also agreed to share the cost of Government participation if required, 10 per cent. of the acreage to be returned to the Government under the terms of the agreement before October 1974.

Lock strike begins to be felt

U.S. companies are starting to feel the effect after 26 days of the East and Gulf dock and the soft-coal tie-up. The companies are still living on stocks of coal built up before the long-anticipated strike.

Some insist the walk-out is for a few more months, but others are becoming more pessimistic.

Law companies, however, are already having forced production curtailments or some companies into expensive alternate plans. Sugar companies have been hardest hit. Sugar Refining said in Philadelphia it has been forced to suspend operations for most of its 656 hourly workers.

Some railroads have been hurt almost from the start by the disruption in dock and the disruption in dock can be offloaded and routed to the U.S. by land.

Kosygin's Canada visit ends in wide agreement

THE SOVIET UNION and Canada have agreed to work together to prevent pollution of the Arctic and to examine prospects for a long-term economic agreement between the two countries.

A communiqué issued today at the conclusion of Soviet Premier Alexei Kosygin's one-day Canadian visit envisaged a diversification and expansion of trade between the two countries.

A Canadian proposal to set up a joint commission for trade consultations will be discussed in talks aimed at renewal of the Canada-U.S.S.R. trade agreement scheduled to open early next year. The agreement, expiring in the spring, is expected to be renewed for a further four years.

Dealing with international questions, the communiqué said early steps should be taken to promote a mutual reduction of NATO and Warsaw Pact forces in Central Europe, "without detriment to the participating States."

It also endorsed the idea of "multilateral consultations to pave the way for a conference on European security, in which Canada and the U.S. would participate."

A properly-prepared conference would contribute to "a normalisation and improvement of relations among European states."

"The two sides consider it useful to expand bilateral co-operation on Arctic problems," said the communiqué.

In talks here with Prime Minister Pierre Trudeau, Mr. Kosygin again rejected Canada's proposal for an international treaty on pollution control and navigation safety in the Arctic.

Today's communiqué gave no details of the type of co-operation now contemplated by the Soviet

Union and Canada to prevent pollution.

Opportunities exist for further exchanges of experience and technology in northern development, said the communiqué. Such exchanges in the past have proved "productive."

The two sides had a useful discussion of the Soviet proposal for a mutual agreement covering economic development, technological and industrial co-operation between Canada and the Soviet Union, the communiqué said. A similarity of natural conditions and economic problems facing the two countries facilitated such co-operation, it said.

The communiqué noted a similarity of views between the Soviet and Canadian Governments on the number of current international issues.

Mr. Kosygin and Mr. Trudeau had expressed the desire to promote "positive processes" under way in Europe.

Practical steps

"Both sides support the objective of ending the arms race and achieving general and complete disarmament, covering both nuclear and conventional weapons under strict and effective international control," said the communiqué.

It called for further practical steps in the disarmament field, first of all, the effective prohibition of the weapons of mass destruction—nuclear, bacteriological and chemical—adoption of partial disarmament measures, including a ban on underground nuclear tests and reduction of military expenditures.

On other international issues, the communiqué said: "Both sides expressed their concern about the 'continuing tense situation in the Middle

East," then agreed that the mediation efforts of UN envoy Gunnar Jarring and of the Big Four Powers should be supported.

Mr. Kosygin and Mr. Trudeau had found that Indo-China "continued to be a source of anxiety." They favoured a political settlement guaranteeing the Indo-Chinese people "the possibility of shaping their own destiny in accordance with their national interests and without foreign interference."

The situation in East Pakistan and the presence of many millions of Pakistani refugees in India was also a source of concern. To prevent a further deterioration of the situation it was necessary to achieve "an urgent political settlement" in East Pakistan taking into account the legitimate rights and interests of the population and speeding a return of the refugees.

Reuter reports from Havana: Soviet Prime Minister Alexei Kosygin arrived here by air for a visit to Cuba after a nine-day tour of Canada. Mr. Kosygin, accompanied by his daughter Mrs. Lyudmila Grishina, flew from Toronto aboard a Russian Aeroflot jetliner.

Bank of Montreal cuts prime rate

TORONTO, Oct. 26. THE Bank of Montreal said it has cut its prime rate to 6 per cent. from 6½ per cent. effective November 1. Canadian banks, including the Bank of Montreal, last week announced a reduction in the prime rate to 6½ per cent. from 6½ per cent. effective yesterday.

Last Friday night, the Bank of Canada, the Central Bank, trimmed its discount rate to 4½ per cent. from 5½ per cent. The Bank of Montreal announcement also included a one-half of 1 per cent. reduction in the rate paid on savings accounts, bringing the new rate to 4 per cent. effective from November 1.

Reuter

NIXON'S ECONOMIC POLICY

Now for export incentives

BY GUY DE JONQUIERES, WASHINGTON CORRESPONDENT

SINCE President Nixon announced his dramatic new economic policy two months ago, the focus of international attention has rested on the implications for foreign trade of the floating of the dollar and the import barriers erected by the 10 per cent. surcharge and the discriminatory elements of the investment tax credit. But on the sidelines of the broader debate, the Treasury has been promoting another, little publicised, element of the August 15 package, aimed at stimulating exports.

The Treasury is pressing Congress to adopt a scheme, originally proposed last year, which would ease substantially the tax burden on income from export sales. This would be achieved through the establishment of entities known as Domestic International Sales Corporations (DISCs) which would enjoy a fiscal regimen similar to that now available to manufacturing and sales subsidiaries set up by American companies abroad.

Such subsidiaries are not required to pay U.S. tax on their profits until these are repatriated by the parent corporation and distributed as dividends. Under the DISC scheme, any American company could set up a home-based affiliate which need exist only on paper—to deal with foreign sales. It would be permitted to defer tax payments on 50 per cent. of export profits (or 40 per cent. of gross income from overseas) for up to 15 years.

The tax-free funds could also be loaned back to the parent company, at a nominal rate of interest, for investment in export-related facilities.

The Treasury argues that the establishment of DISCs would remove a long-standing inequity in tax law, which has made it more favourable for corporations to set up manufacturing facilities abroad than to export products made in the U.S. It would also provide a compensation for the advantage conferred on exporters in the EEC countries by the exemption of exports from the Value Added Tax. Because the U.S. tax system is structured much more around direct taxation than those of most Common Market countries, no directly comparable exemption for American manufacturers is possible.

A further advantage claimed for the scheme is that it would help to curb the outflow of direct investment capital abroad. Mr. John Connally, the Secretary of the Treasury, who is stage-managing DISC as a part of President Nixon's general tax-cut package, told Congress recently: "The DISC proposal is obviously designed to induce companies to continue manufacturing in the United States for

1968-70 base period. Mr. Connally's response has been that by putting the DISC on an "interim" basis, the committee has removed the incentive for large exporters to continue manufacturing at home and robbed other companies of a simplified way of breaking into foreign markets.

The decision to alter the DISC plan appears also to have been



Wilbur Mills: his Ways and Means Committee has balked at the White House plan to improve export incentives.

sales abroad, thus keeping jobs at home, rather than exporting their manufacturing and know-how to foreign countries."

Despite these laudable attributes, however, the DISC plan has already run into trouble with Congress. The House Ways and Means Committee (whose chairman, Mr. Wilbur Mills, has said the fiscal 1972 budget will end up with a deficit of more than \$30,000m.), balked at the additional drain on revenue which the plan would cause. According to Treasury estimates, it would involve a tax loss of around \$600m. in a full year. Calculations by the joint congressional committee on tax put it considerably higher, at between \$800m. and \$900m.

The Mills Committee has amended the proposal, so that tax deferrals would be available on export earnings exceeding 75 per cent. of the average annual profits from foreign sales realised by a company during the

influenced by suspicions that it might end up as little more than a windfall for business. This is the interpretation placed on it by the unions (who have been fighting for years to stop companies from "sending jobs abroad"). Their criticism has been joined by a number of distinguished tax lawyers and economists.

According to the Treasury, DISC would bring about an increase in export earnings of at least \$1,500m. annually. The basis for this calculation, and its significance, however, appear to be exceedingly vague. No specific year for its attainment has been set and the Treasury has failed to produce—at least publicly—any statistical evidence of the kind which it normally amends the proposal, so that tax deferrals would be available on export earnings exceeding 75 per cent. of the average annual profits from foreign sales realised by a company during the

tion on international trade and investment reported to President Nixon this summer that it had failed to reach a consensus on the merits of DISC and recommended that the Treasury undertake further research into the effects of the tax system on trade. Other, independent tax experts have suggested that the relationship is not proven, or may in this instance be even nonexistent.

It is possible, DISC's critics argue, that adoption of the measure will provide only a small incentive for non-exporting firms to go into foreign markets. But if it is adopted in its original form, it would hand companies which already have large export sales a sizeable tax break, whether or not they increased their overseas earnings. Indeed, an eventual realignment of parties would automatically increase dollar export earnings without any additional effort on the part of the exporter.

One of the proposal's sternest critics is Professor Stanley Surrey, a former assistant Treasury Secretary for tax policy and now at Harvard Law School. He claims that it will open up "a billion dollar loophole in income tax" for many major corporations, providing uncertain benefits in return for large certain costs. He also argues that it is open to abuse, as a channel into a foreign tax haven, and that there is no guarantee that tax-free funds from DISCs will be used for export-related investments.

Discussion of DISC has been impeded by the absence of supporting material from the Treasury. Mr. Connally's case for it has revolved largely around the patriotic duty to increase export earnings, while the ways and means committee has been talking largely in terms of the need to curtail excessive Government spending. The intrinsic merits of the DISC proposal itself have not been subjected to any serious economic analysis to determine its potential effects on export earnings—or at least none is publicly available. Thus, if Mr. Connally succeeds in winning Congress approval for it, DISC will go into operation largely as an unknown quantity.

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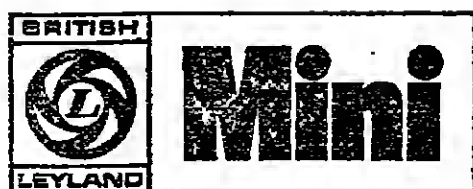
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What have we got that Europe wants so much?





The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

SAFETY

Detecting natural gas leaks

TWO detectors for natural gas leaks in blocks of flats and offices, initiate other shut-down procedures. The detectors are being launched immediately in the east and west Midlands by J. and S. Sieger, of 31, Nuffield Estate, Poole, Dorset. The company is concentrating on these two areas initially because the North Sea gas system is extensive and use of this new fuel is at a high level, both by industry and domestically. Two models are the 1100 and the 1120. Both will raise an alarm at a pre-determined level, well below danger limits, and switch on a red warning lamp or lamps. The 1120 has the facility to give a warning at a second pre-selected level and at this point

equipment designed to watch over large processing plants. The suppliers of the new units have a considerable degree of experience in gas detection work and over the past few years have installed equipment able to sense many types of gases and vapours which can escape during petroleum and petrochemical manufacture.

Initial design and installation of the instrument took place in eastern Europe and many of them have now been installed there, as well as in the Benelux countries.

In Eastern Europe, their installation in unattended boiler houses has been made compulsory.

These instruments which are understood to come within the Gas Council's code of practice for large gas and dual fuel burners bring within the scope of centralised heating and hot water boiler houses the same degree of protection from leakages and explosions as provided by much more sophisticated and expensive

Fire fighting monitor

TWO of the first fire fighting and rescue units from Simon Engineering Dudley have now gone to the brigades. They are completely new appliances designed for all first turn-out duties and are remote-controlled elevated monitors on telescopic booms.

An escape ladder is incorporated in the units and they can be mounted on the leading marks of commercial vehicle chassis.

The "Simonitor" delivered to Lancashire County Fire Brigade is in use for trials and training; that in the hands of Liverpool Fire Brigade is in regular service.

Important so far as personnel is concerned is the fact that the controls can be operated by one man. They are grouped together at the rear of the carrying vehicle and include a one-hand lever to raise, rotate and extend the boom; fingertip controls to adjust all monitor movements and the water pattern and controls to operate the fire pump and stabilising jacks.

Tests have shown that the unit can be positioned and in full operation in as little as 60 seconds. The boom can be made to rotate continuously through 360 degrees, elevate to a maximum height of 50 feet and move in a vertical arc of minus 10 to plus 90 degrees.

Stabilising jacks lock for safety and during rescue work up to four fully kitted firemen can be carried on the escape ladder without support to the boom tip. The swivel mounting for the water nozzle allows traverses of 90 degrees in the horizontal and 240 degrees in the vertical plane. Water patterns can be varied infinitely from full jet to full fog, the orifice adjusting automatically to the water pressure available. Quick release couplings allow a foam nozzle to be interchanged rapidly with the standard unit.

HANDLING

Lifting empty containers

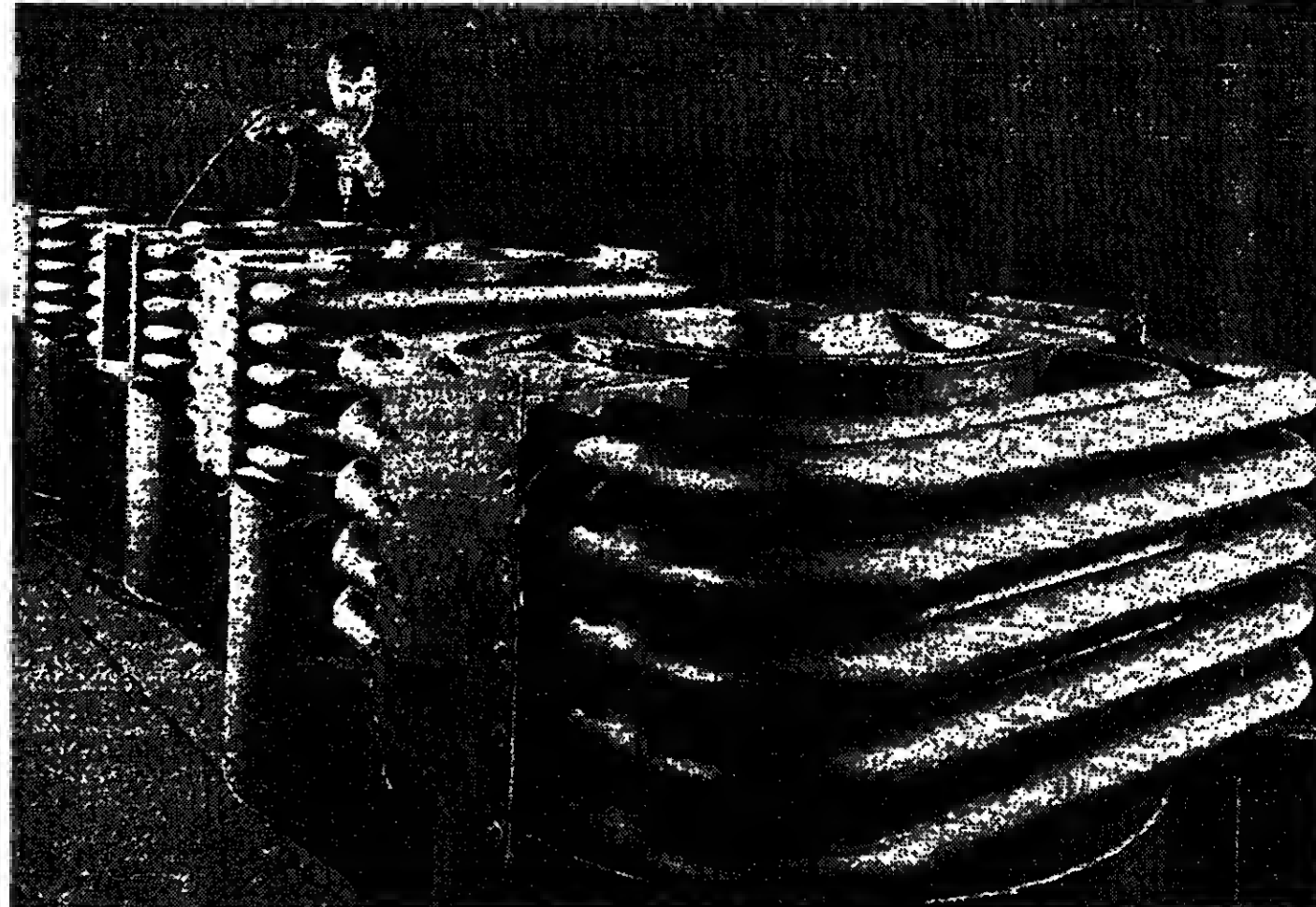
FOR handling empty ISO containers an attachment can be fitted to any fork lift truck of suitable capacity enabling it to shift containers from 20 to 40 feet long.

Of box construction, the unit is available in two basic forms—a single fixed beam model for one-size container operators, and a telescopic version with hydraulically extending lifting arms. The latter may be in two sizes, one for 20 and 30 feet containers and the other extending to 40 feet to cover the full range. The fixed beam type is available in the three standard lengths.

The units lock on the container corner castings by hydraulic twist-locks, and automatic semaphore indicators show "lock-on" and "lock-off" positions. A maintenance feature of the locks is that they are complete units in their own sealed bearing clusters, and can be quickly replaced.

A fully-floating device is fitted to all models to compensate for uneven loading, or misalignment by the truck driver. All movements are controlled by a low-pressure hydraulic system.

The units are manufactured by Manns Mechanical Equipment, 181 Victoria Street, Dunstable, Beds.



PRODUCTS

Glass fibre fabric scintillates

SHOPWINDOW displays, nightclub decor, scenic effects, and other similar artistic applications are expected to be among the uses for a textile woven from the very fine glass fibres used in fibre optics.

The Industrial Division of Rank Precision Industries of 200, Harehills Lane, Leeds LS8 5QS, which has already introduced fibre optics into motorway signs and is seeking other applications, asked the Wool Industries Research Association whether a method could be developed of weaving the optical glass fibre, which is about the diameter of a human hair.

To achieve the desired effects the glass fibres had to be secured in small bundles at 3-4 mm spacing. WIRA found that warp knitting produced a suitably coarse fabric.

By using high-speed drawing methods the Rank Kershaw plant in Leeds is making optical glass fibre at a cost of less than 5p per 1,000 feet. Guided by WIRA's advice a mill has knitted the specified coarse fabric, and artistic and other applications are being evaluated.

The material should be available from the company at the end of this month.

COMPUTERS

Univac limbers up

SIGNIFICANT moves have been announced within the Univac organisation in Britain which are likely to result in the sharpening of its sales effort in several areas of U.K. industry.

A fresh drive to sell the 9000 series machines will be the first move and, according to the new managing director, Mr. Desmond H. Fletcher, new product announcements will follow in the near future.

The drive will increase Univac activities in provincial centres and it will undoubtedly receive impetus from a new education centre which the company is completing at Acton. This centre

will have the capacity to take 150 students and it will be equipped with 9000 series hardware. Meanwhile, the company has been expanding its already substantial International Research and Development Centre at Westbourne Terrace. An 1108 computer—worth around the £1m mark—is now installed alongside the existing 484 and two 9300 computers. This adds a very respectable slice of computing power to the centre, originally set up to support the company's real-time activities all over the world.

The total value of the equipment installed at IRDC now runs

to over £2.5m. Apart from the four computers it contains, there are a number of terminals and the centre has the capacity to support a vast number of these. Both the big machines have noted time-sharing qualities which are being put to good use in various comparable installations in the U.K.

With the further increase in Univac's involvement on the U.K. market, two new appointments have been made. Mr. W. R. Read becomes western region director, while Mr. P. C. Conley moves to the post of director of headquarters management.

The company last year opened a major manufacturing facility in Scotland and this, with the latest moves, make Britain an important stronghold in the company's European sales strategy.

COMMUNICATION

ITT message switching for TWA

ANOTHER big store and forward message switching system of the same kind as those supplied to the BBC and Reuters in the UK has now been made operational in the United States for TWA by International Telephone and Telegraph Corporation.

These systems, which have been pioneered by ITT for the last decade, make use of computer control for the smooth and efficient distribution of messages over a complex telecommunications network of the kind operated by most large organisations.

This system for TWA is the 9304 ADX handling about 175,000 messages daily and capable of expansion to some 600,000 messages, making it able to handle TWA traffic, says ITT, "for many years".

The system handles 128 input and 176 output lines, mainly 75 and 110 baud teleprinters, connecting airports and offices throughout the world.

To obtain virtually uninterrupted performance, two sets of equipment are used: one operates in the "control" mode, responsible for all traffic handling functions and necessary to receive and distribute messages; the other set operates in the shadow mode, also accepting messages but not distributing them.

If the control set fails, the shadow set assumes control of the complete traffic handling function so that no data is lost. The shadow half of the system also performs off-line processing and management reporting.

Messages are stored on disc and released to the required outgoing line when it is free according to priority. For reliability, all messages are stored on magnetic tape as well as disc. Current messages are retrieved from disc, older messages from tape.

The 9304 ADX consists of ITT defence communications division equipment and commercially available peripheral devices. The ITT products include two processors each with 48,000 words of core storage, four communications multiplexers, six disc/tape controllers and one supervisory console. The peripheral devices include two disc storage units of 16m characters each, four tape drives, one line monitor and two line patch units and a line printer.

Plan to cut radio crosstalk

FMA Consultants are working on a contract from the Ministry of Posts and Telecommunications for the design of a system to assist Ministry engineers in assigning frequencies for prospective users of land-based private mobile radio in the U.K.

This is becoming increasingly difficult to do manually owing to the expanding volume of users and the importance of assigning channels in a way that will not only minimise interference between different users but will also make the most efficient use of the radio frequency spectrum. The design of hardware and software systems and computer base files are all included in the contract.

FMA has already completed a digital model of the terrain of most of Great Britain—of interest to many public authorities and private companies, which will form an essential parameter for channel selection in an increasingly saturated radio environment.

FMA Consultants, based Horley, near Gatwick Airport, becoming increasingly concerned in the design of real time systems, large and small.

Hotel calling system

A hotel communications system that can give a number of facilities to staff and guests is being offered by Contorex of Sydenham Road, Croydon, Surrey.

The guest's unit can incorporate a clock, morning supervision, fire alarm, presence and room status, message waiting, up to six channels, radio, intercommunication, service lift signalling.

The management unit can be sited as desired; from its minutes display and alarm, the operator can tell the guest has not been woken, progress of room cleaning can be reported, the change maid using a special key-plug to gain intercom connection with the supervisor. The system, called "Westerstrands" and stated to be easily installed.

Eddystone radios on the coast

BRITAIN'S 11 medium-range coastal radio stations are all being replaced by Eddystone high-stability radio receivers. Contracts for over 50 receivers, are placed by the British Post Office with Eddystone Radio, a member of Marconi Communications Systems within GEC-Marconi Electronics.

The Post Office has carried out a full operational evaluation of the receivers. Type EC9000 establish not only that they meet requirements for static signal-to-noise ratio but also that they provide sufficient stability to ensure the more stringent requirements of the expanding local pex traffic.

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They're the worst part of your kitchen staff's day—the frequent trips to smelly dustbins with parcels of soggy food waste. Yet it's a job you can eliminate overnight with Reed Medway Kleensac paper sacks. Kleensacs are manufactured from tough, wet-strength kraft. Light and easy to handle, they can hold any kitchen waste. And when they're full, just fold over the top and seal. No spillage. No smells. No staff grumbles. Reed Medway back the sacks with unbeatable knowhow—and a nationwide network of distributors. If you would like to know more about Kleensacs (plus the range of static and mobile holders available) just post off the coupon.



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Please send more details Ask a representative to call

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Alternative potting compound

A LOWER cost alternative to silicone compounds for potting and encapsulating electronic components has been introduced by the industrial division of Radfields (Merton) of 131, Western Road, Mitcham, Surrey.

The products are based on a two component polyurethane system and can be supplied in two grades providing either a hard or a flexible, resilient elastic gel which is white in colour.

The two parts of the system mix easily and the mixture pours freely around the components. At room temperature it sets within one hour without shrinkage and with very low heat generation. It can be taken out of the mould after a further three hours, or after a further one hour's stoving at 100 degrees C.

Excellent electrical insulating properties are claimed for the product which has a breakdown voltage of 2000 V/mm at 20 degrees C. The products are also claimed to have first class chemical resistance to oils, acids and alkalis and to be able to withstand up to 200 degrees C for short periods.

REFILLABLE aerosol cans, to spray cleaners and light oils, can reduce costs by 80 per cent. Instead of buying ready-filled tins with compressed gas as a propellant, the reusable tins are filled with the spray and pressurised from a shop air line.

Liquids to be sprayed can be light oil, degreasing compounds or graphite, says Sure Shot, of 2497 Ford du Lac Avenue, Milwaukee, Wis., U.S. Even dye for crack inspection purposes can be applied by the tins.

Unlike the usual aerosol container, the valve is built into the body of the tin and opened by a thumb lever on the side.

METALWORKING

Lost pattern moulding

A foundry process widely used in Germany, U.S. and Japan is to be introduced into the U.K. and, it is claimed, will reduce the cost of reproduction castings by 15 to 20 per cent, and the cost of patterns for single castings by up to 80 per cent.

The basic process is based on the lost pattern principle, using a foamed polystyrene which is vapourised by the molten metal. Intricate castings can be produced without the usual flash, and generally without the use of cores.

The process has two methods of application. In the first the pattern is embedded in a fine, magnetisable moulding material which is fluidised in the moulding box to ensure proper filling. The moulding box is placed in a magnetic field which locks the moulding material into the required form while the metal is poured and the pattern is vapourised. When the casting is cool enough to ensure that no deformation will occur, the field is switched off and the moulding material reclaimed. For the second method the polystyrene pattern is embedded in a cold-setting sand in a moulding box. The metal is poured in the usual way.

The process can be used for both large and small castings in iron and steel alloys as well as non-ferrous metals. It can be used for repetition work where the patterns are mechanically

moulded or for single castings using hand-cut and assembled patterns, for which the foamed polystyrene is an easy material to work. The process is stated to be suitable for a wide variety of castings including machine parts, pump casings, gear housings, or other complex products difficult to cast.

The German patent holders, the European Association of Full Mold Casting, of Lampertheim, near Mannheim, West Germany, have appointed G. Perry and Sons, Hall Lane, Aylestone, Leicester, as sole U.K. agents.

Air jet to pick up fine work

HANDLING of small, thin, flat components is simplified by the use of a component handling tool manufactured by Caplin Engineering Company of PO Box 19, Hadleigh Road, Ipswich.

The tool is about the size of a fountain pen and operates from any compressed air or gas line, incorporating a replaceable micro-filter unit.

In operation the tool is held above the component and the control lever pressed, the gas or air escapes along the surface of the component, creating Bernilli lift, and the component rises gently up to the cone. It can lift any material providing it has a flat surface. It has a lifting capacity of 45 grammes, depending on the air/gas pressure.

ELECTRONICS

Cleaning circuit boards

PRINTED circuit boards can be cleaned following flow soldering, without the use of ultrasonic equipment using a unit called "Flowcleaner" now offered by Fry's Metals, Willow Lane, Mitcham, Surrey, CR4 4NA.

It is essentially a three tank system. First, the board is fully immersed and washed in the continuously circulating cold cleaning solvent. It then rises vertically through a solvent vapour rinse while a soft rotary brush removes any loose solids still adhering to the bottom of the board. Finally the circuits are carried to the top of the unit in a completely dry condition, and pass through an outlet path designed to give minimal vapour losses.

The overall length of the unit is five feet and the tank capacity is 55 gallons.

Mechanised points of sale

TWO developments in the mechanisation of point of sale transactions have recently been

announced, one from Britain and one from the U.S.

The U.K. development is a custom-built cash register designed for the car hire company Travelwise by NCR. It is a class 5 machine, with four separate cash drawers (one for each assistant) and a register printer while for printing transaction details on customers' hire agreement forms. The system enables anticipated charges and deposits to be printed mechanically on the agreement form as they are entered through the register keyboard. Keys are pressed to indicate cash, cheque, or foreign money payment and a "previous balance" key enables the running total of outstanding charges to be maintained on all outstanding agreements.

Transactions are recorded simultaneously on the form and the register audit roll and the machine issues a customer receipt.

From the American Regitel Corporation of San Carlos, California, comes news of a computer-aided electronic cash register that uses a hand-held scanning device to read off details on the price tags attached to goods. Price and stock unit numbers are instantaneously relayed to the computer, which looks up the items and commands the register to print out a description of the merchandise on the sales slip. The company states that about twenty seconds are needed at the point of sale to record a credit sale, including a complete positive credit check of the customer's account.

Haulage 'pirates' must go, says RHA chief

BY RAY DAFTER

THE Road Haulage Association restrictions on the industry were to continue to press Mr. John often prompted by the behaviour of the industry, Minister for Transport of the worst rather than by the industry, to strengthen the best, or even average, operator. Legislation restricting driver or vehicle. "What is particularly exasperating from our point of view is that the off-licence operators are not RHA members, which is as good as saying they are not really hauliers at all."

"The pirates must be eliminated from the economy," he said. The public must be made aware of the distinction between the responsible haulier who provides the greatest benefit for the minimum of inconvenience, and the undesirable freebooter who is feathering his own nest without regard to the general good.

The RHA was certain that new

Act which allowed entry to the industry of individuals who had insufficient knowledge to preserve public safety. Licensing authorities should be required to satisfy themselves beyond all reasonable doubt as to the qualifications and financial standing of applicants for operators' licences.

Mr. McMillan also spoke out against ill-informed criticism. It seemed, he said, that the people who benefited most from road transport, which had helped to provide a standard of comfort and a variety of choice, were the most insistent on condemning it from the pollution point of view.

Delegates were told by Dr. Clifford Sharp, of Leicester University, that the arbitrary reduction in lorry drivers' hours which would follow British entry into the Common Market appeared to have no justification at all except possibly to boost the fortunes of French and German railways.

The possible reduction in the driving day, from 10 to eight hours, was quoted by Dr. Sharp as one of several excuses for taking action which would harm road hauliers and which would not be justified on rational economic or environmental grounds.

"Unless there is some pay-off to the community in accident reductions, the eight-hour day will merely act as an anti-productivity device which will increase prices and reduce the standard of living," he said.

Another speaker at the conference, which was chaired by Mr. J. H. Brown, chairman of the RHA vehicle security committee, London Metropolitan police district in 1970 were 19.3 per cent lower than in 1969.

Professional job

Some hauliers did not bother about such niceties as operators' licences, motor vehicle tax, lorry testing, drivers' hours, legal requirements they can evade.

Road transport was a job for the professional. The Government should be pressed to improve those aspects of the transport

Food, drink ITB wants practice code accepted

BY ELSETH GANGUIN

THE Food Drink and Tobacco Industry Training Board wants the industry to agree to the setting up of a code of minimum training standards, it announced yesterday. These "beginnings of a new approach" are promised to be a promise of minimum training standards, it announced yesterday. These "beginnings of a new approach" are promised to be a promise of minimum training standards, it announced yesterday. These "beginnings of a new approach" are promised to be a promise of minimum training standards, it announced yesterday.

The ITB would do away with its levy and grant system, and its attendant paperwork, and would introduce a new grading system more closely related to necessary time spent in the firm rather than an arbitrary payroll-related levy. But there would also be a special penalty for companies which fail to meet the "minimum" and therefore do not take training seriously.

There would be many advantages, suggests the ITB, among them lower net cost to companies, a depth of training contact with the knowledge of companies (and before industrial understandings which is not achieved by the present levy-grant system.

Assessment by Board staff of the "minimum" practice, which being met would be based on a statement of employees of training their plans of reform, which are now being announced in quick succession.

senior manager with overall responsibility for training. This man should either be a member of the company's board of directors, or have direct responsibility to this chief executive.

There must also be a written company training plan, showing at least one priority area for training to be worked out. But, basically, the ITB expects three grades. Companies which want to opt out of the new system would have to pay the full levy, at the rate of about 0.7 per cent of their payroll; those which try but fail to make it would have to pay according to a grading system, showing how far short of requirements they are; and, finally, there will be the good trainers. These would pay "at most" 0.03 per cent of their payroll (to keep the ITB), plus a charge of £50 to £50 a day for the assessment or advisory visits.

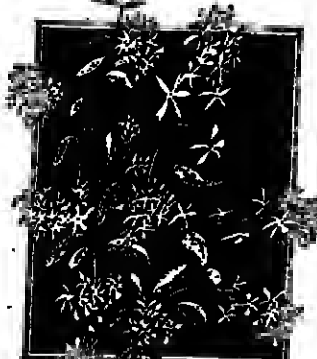
The ITB invites the industry's comments, to make sure that this is an acceptable and effective alternative to levy-grant. It remains to be seen, too, whether Mr. Robert Carr's consultative document, due to appear in a month or two, will leave the training board secure undisputed, or allowing them all to carry out their plans of reform, which are now being announced in quick succession.

GARDENS TO-DAY

For Autumn tints, try a Tulip Tree

BY ROBIN LANE FOX

ANYTHING done for effect never lasts very long: jokes, banquets, sermons, son et lumiere, these are soon gone, for all the effort put into them, and once gone, they cannot bear repeating. It is the same with a newspaper or even with parts of a garden. Very effective, I think to myself, I must Water Lily tulips with bright blue Sedas and wait for next spring but when spring has come, the effect is quickly appreciated and next year it must be something different. It is like writing a book and being pleased if readers describe it as interesting. Once they have been interested, they will never read it again. Who ever called Homer's poems interesting, except trainees done on the look out for a Mycenaean survival?



think of the colouring of bedge- row trees and forget that garden shrubs can be as spectacular. If I was impatient and owned a very small garden with room for only one specimen tree, I think I would be very happy with *Amelanchier canadensis*.

Nickname

Its name is now a muddle, though nursery catalogues have not yet adjusted themselves to the change, and technically, you should ask for the variety called *Arborea*, though in fact they will know what you mean if you just order "Snowy Mespilus". The true *canadensis* is not often offered for sale, which is rather a blessing as it only makes a tall thicket of suckers, whereas the one I am recommending is a proper ornamental tree. Eventually it grows about 25 feet high, not quite so grand as the front of a small suburban garden suits them just as well. A very dry place where the earth is thin and badly-fed would probably distress them. Dig leaf-mould and manure round them and they will reward you even more. Large shrub nurseries stock a variety with more virtues to its name: it is a hybrid called *Gronddiflora*, with bigger flowers (hence the title) and leaves which are copper-coloured when they open in spring. It is no more difficult to grow.

If you mix these *Amelanchiers* in a big group, there is a strong chance that you will enjoy both yellow and red colouring every autumn. But in order to be sure of the clear yellows, my favourite autumn colour of them all, you should try a Tulip Tree (especially if you live on a well-drained, limey soil) and watch its wonderful three-lobed leaves change their pale green to the brightest yellow imaginable. These are not slow-growing trees and though they can be temperamental on sticky clay soils there is no need to be shy of them.

Butter colour

If your garden has no lime (by that, I mean that in principle, you could grow rhododendrons) I draw your attention to a Japanese relation of the American Spice Bush, called *Lindera trioba*. I first met it last year and at once fell in love with its broad leaves which meet at a point and turn the colour of butter in the autumn. It is, however, another hopeless love-affair, as *Lindera* would find my garden too limy and I must leave her to make a ten-foot tall shrub, flowers unimpressive, summer leaves glossy green, for these of you with an acid soil to feed her. She is hardy and deserves to become the small garden's favourite. Be adventurous and help her to become better known; like all effects, her autumn leaves are soon over, but for once they leave you longing for their repetition in another year.

Light and shade

This does not mean that a garden should be dull. There is a permanent beauty in a hedge of holly and continually changing interest in a stretch of water and the longer I garden, the more I appreciate their lasting patterns of light and shade. They cannot be repeated too often, they are satisfying without being contrived. If they need brightening up, they are not the place for, say bedding plants, tulips and a drift of rhododendrons. They need something grander sequence, though it is natural to

and less monotonous: they need the one effect of which I never tire, the changing colour of autumn leaves.

Well arranged, these three materials would set each other off. The water would reflect the wide, and in mid-April it is quite delightful, covering itself with upright clusters of white-petalled flowers, strap-shaped and seldom plundered by birds; it reminds me of a more robust winter cherry out of season. The flowers fall too quickly; this year, for example, its finest flush lasted only five days in a high wind. But there are compensations. In June, you can hunt for the small, round fruits, interesting, of the clear yellows, my favourite autumn colour of them all, you

Glasgow shop closures now "alarming"

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

GLASGOW, Oct. 26.

SHOP CLOSURES in Glasgow are now reaching an alarming level, said Mr. G. Douglas Laing, president, following publication of Glasgow Chamber of Trade's annual report. He predicted a further and serious deterioration in shopping facilities because, he said, they were paying more than 1% in shopping facilities, the use of the "intolerable" burden of local taxation.

In many areas of the city the use of the retail sector is now a serious problem, not only for the survivors, who are left with streets with an increasing number of empty and deteriorated premises," said Mr. Laing. Once busy shopping areas are being retail deserts. The number in Glasgow is getting a deal, not from the shops but those who are imposing oppressive burdens on the city.

He complained that the effect of the 1966 revaluation of commercial properties had not been radical to put right what had gone drastically wrong in the five years ago. There had been a marginal improvement, he said, but the city centre suffered a smaller increase in rents than other parts. But he believed that city-centre property should at least have been frozen.

What had happened in the city over this period was now being in the suburbs, Mr.

LATEST WILLS

Net

Mr. Frank Bonser, of Epperstone, Nottinghamshire, former chairman and managing director of Bonser Engineering, left £104,868 gross (duty £122,940)... £185,727

Sir William Lawrence Bragg, of Woodbridge, Suffolk, joint Nobel Prize winner for Physics in 1915 and former Fullerian Professor of Chemistry, Royal Institution, left £34,969 gross (duty £3,395)..... £33,741

Events

To-day

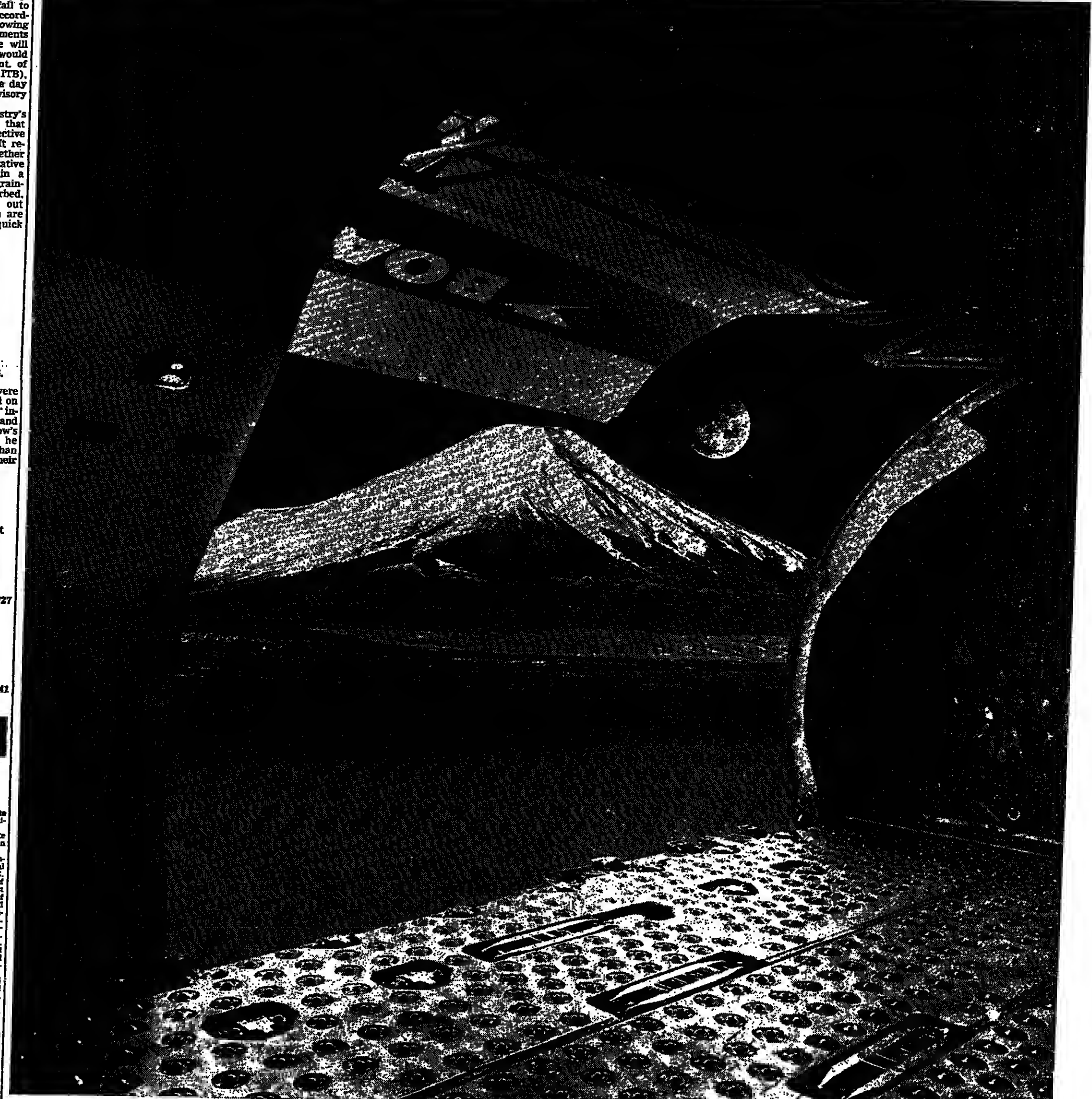
- PARLIAMENTARY BUSINESS—House of Commons: Fifth day of debate on the U.K. and the European Communities. House of Lords: Second day of debate on British membership of the Common Market.
- INDUSTRIAL RELATIONS: 3-day conference arranged by the Financial Times. The chairman is Professor B. C. Roberts of the London School of Economics and the speakers on the first day are: Mr. Robert Carr, Secretary of State for Employment; Mr. Campbell Adamson, director-general of the Confederation of British Industry; Mr. J. L. Edwards, Under Secretary at the Department of Employment; Mr. C. Wood of the University of Sheffield; and Mr. Martin Jukes, O.C., director-general of the Engineering Employers' Federation. Savoy Hotel, W.C.2, 9.30 a.m.
- INSTITUTE OF NAVIGATION, annual meeting: at the Royal Geographical Society, 1, Kensington Gore, S.W.8, 8.15 p.m.
- SOCIETY OF INVESTMENT ANALYSTS: meeting to be addressed by Mr. D. W. Nicholson, a director of William Gulliver and Sons (Holdings), at Merchants House, Glasgow, 5 p.m.
- COMPANY MEETINGS: Leeds, 2.30. (Chairman, Mr. A. N. Brockdale.) BRITISH TRIMMINGS, Stockport, 10.30. (Chairman, Mr. A. C. Stone.) CHURCH TALK, St. Fenchurch Street, 1.15. (Chairman, Mr. M. E. Whitestone.) CLARK (MATTHEW), Winchester House, E.C.1, 10.30. (Chairman, Mr. P. H. Gordon Clark.) COURT BROS. (Furnishers), Morden, 11. (Chairman, Mr. A. J. Cohen.) GEORGE YIM MINES, Portsmouth, 12.15. (Chairman, Mr. A. L. Thomas.) KITA KILLAS TIN DREDGING, 3, Queen Street, E.C.1, 11. (Chairman, Mr. T. B. Macer.) KITSUM'S INSULATIONS, Hotel Russell, W.C.2, 12. (Chairman, Mr. P. K. Upchurch.)
- FRANCO RESTAURANTS, 125, Chancery Lane, W.C.2, 4. (Chairman, Mr. D. Naylor.) MEDINASTAR, Aberdeen Rooms, E.C.4, 12. (Chairman, Mr. J. Delaney.) PARK CAKE BAKING, Oldham, 2. (Chairman, Mr. H. D. Lave.) SECOND CITY PROPERTIES, Birmingham, 11. (Chairman, Mr. W. L. Johnson.) TRAFFORD PARK ESTATES, Manchester, 12. (Chairman, Mr. G. E. W. Davidson.) UNITED KINGDOM PROPERTY, 5, Belgrave Square, S.W.1, 12. (Chairman, Mr. H. D. Lave.) YOUNG AUSTEN AND YOUNG, Leicester, 2.45. (Chairman, Mr. J. W. Johnson.)

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space to Japan. And because it's a freighter service, we don't have to hang around for passengers. And we don't waste time transshipping en route.

Which all makes it the fastest way to reach an expanding and demanding market.

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you won't miss the plane.

If you have a yen for Japan, Contact Mission Control (01-759-2388) your Space agent, or your local launching pad for the facts.



COMMON MARKET DEBATE

No sabotage—George-Brown appeals to Labour Party

By Philip Rawstorne

LORD GEORGE-BROWN last night appealed to Labour leaders not to sabotage Britain's best interests by sabotaging the legislation which next year will power the country's entry into the Common Market.

"It is my intense hope that they will not, in a final frenzy of self-inflicted frustration, give unnecessary and soon to be regretted hostages to fortune," he said during the first day of the Common Market debate in the Lords. "I hope they will not seek in the year ahead to complicate and even damage Britain's best interests by raising doubts in the minds of those whose partnership and understanding we shall now need."

Sadly surveying the party's reluctant travellers—one or two unnamed ones in particular—Lord George-Brown predicted that their mood would change just as the country's must change if the trip was to be successful.

With that, he took the final call for Europe: "We have already waited too long. We have already wasted too many opportunities. Let's go."

Lord Zuckerman, former chief scientific adviser to both Labour and Conservative governments, gave the flight his technical blessing. And Lord Stokes, travelling, so to speak, by bus still looked forward to his arrival though anticipating one or two potholes along the road. But another scientist, Lord Ritchie-Calder, refused to be a passenger with either to "a market of hucksters and horse-traders" where profits were made on both swings and roundabouts but everything else was polluted.

Growth can be unhealthy, he declared—though Lord Hailsham suggested it would not be bad for some regions. Successive governments had tried to break out of the vicious circle of our economy. "It is now or never," said the Lord

Chancellor. "It is these terms or no terms." The regions were precisely those parts of the country that stood to gain most from entry.

At about the same time in the Commons—where the Prime Minister said he was waiting for "an appropriate date" for his Concorde flight—Mr. William Ross, planted his feet firmly against entry.

The Government's flight to Europe was "the politics of despair," he said. And as it took off it was a credibility gap that was opening between Government and people. "Whether the Prime Minister likes it or not, he had better face it—he has lost the confidence of the people of this country."

Mr. Gordon Campbell, Secretary for Scotland, looked forward optimistically to the expanding horizons of the EEC. But in a speech that rarely got off the ground itself, found few Labour MPs to share his vision of the future.

LORDS

These terms or no terms, says Hailsham

LORD HAILSHAM said it was pure delusion to say that the terms negotiated for the entry of Britain into the Common Market could be better or that the chance to negotiate better terms would come again.

"It is now or never. It is these terms or no terms," he said.

World prices

It had been made clear to each Government that although they were critical of the Common Agricultural Policy it would have to be accepted as one of the facts of life.

"The existence of the Common Agricultural Policy is in a sense the most powerful argument for entry of all. It shows clearly what will happen in a Community in which we are not represented in the decision-making."

It was true, and had been recognised from the start, that some prices including most food prices would rise, though as a result of a rise in world prices the rise due to the Common Market would be less than expected.

But the test is not whether the price of individual items goes up, but whether our standard of living rises or is stable or declines.

The Market was there and there to stay. "With us outside it will always be a potential threat to our interest. With us inside it will be an opportunity in which we shall have every chance to participate."

The regions were those parts of the country which stood most to gain from entry and most to lose by the failure of our application. The existing Six were committed to regional policies of their own which would preclude any interference on their part with ours.

The regions were precisely those parts of the country likely to claw back part of our contribution to the Market Budget. Also areas of the lowest employment were most sensitive to general improvements in trade and demand and the most vulnerable to periods of stagnation or decline.

Lord Hailsham said he thought it was right for socialists and also those who believed in free enterprise to support entry into a Community which was big enough to enable their policies to take place.

Socialist parties in the Six regions were the last of those nations condemned by necessity to be outside the circle or still more by their own choice, to be excluded from the magic circle of growth and development, their policies for mutual advantage.

"This is the moment of decision in which all must stand up and be counted."

"It is a choice between the opportunity for greatness and the certainty of frustration and decline."

The Government opts for greatness.

Lord Beswick said he had asked those who supported the Labour Party and all it stood for to vote against the Lord Chancellor's motion.

"Some will vote in that sense because they are convinced as I am that the course on which the Government is embarked is wrong for Britain and for the majority of the people."

He referred to those who had long declared their faith in the EEC concept. "If that still be their belief then I do not expect them on this quite unique issue to think and speak in one way and vote in another."

Lord Beswick said Mr. Heath had achieved a considerable intellectual somersault on the question of a free vote but he did not question his integrity.

"Many people have changed their minds on this issue and often for a complex of honourable reasons. There has clearly been much mind changing in the general public."

The percentage of foreign cars imported into Britain had sharply increased. Lord Stokes had spoken of accepting the challenge of the European manufacturers "to-morrow" when we went into Europe.

Export drive

"What I cannot understand is why we cannot accept their challenge to-day and reverse this

trend of which I speak to-morrow, when tariff walls are down his men will want more pay. Lord Stokes said that he was not sure that is what they can expect in Europe.

"They will want more holidays because they are told that is the reward of EEC membership. They are led to believe that fringe benefits will be better, and added to all this will be the undoubted increase in the cost of living as an impetus to wage demands."

In the first six months of this year New Zealand had imported over 25,000 cars from us. Does Lord Stokes mean that we should maintain that business when we have succeeded in damaging their export drive?

"It is a sobering thought that if the motor industry sold an extra 700,000 or 1m. cars in Europe, it would mean a loss of 700,000 or 1m. cars in the industry's production."

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In the first six months of this year New Zealand had imported over 25,000 cars from us. Does Lord Stokes mean that we should maintain that business when we have succeeded in damaging their export drive?

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Rolls could have been saved, say top IRC men

BY JOHN HUNT

THE TWO top men in the now defunct Industrial Reorganisation Corporation said yesterday they still believed Rolls-Royce could have been saved and need never have gone into liquidation last February.

Sir Joseph Lockwood, who was chairman of IRC, and Mr. Charles Villiers, who was managing director, voiced their conviction when they gave evidence to the Commons Trade and Industry Sub-Committee.

Secret

They also defended their decision to keep secret the IRC report which had revealed the state of affairs in Rolls-Royce a year before the company went into liquidation.

Full details of the report had not been made available to the Government or to the company but they had been given a five-page summary of the findings.

The chairman of the sub-committee, Mr. William Rodgers, Labour MP for Stockton-on-Tees, asked if they believed the company could have been saved in October 1969 and if effective action could still have been taken in January or February of 1970.

We thought at the time Rolls-Royce could have been saved subject to economies and subject to continuing launching aid and a change of management," replied Sir Joseph.

"I still think that right up to January—the month before it was put into the receiver's hands—it could even then have been saved."

"I did not think it would be allowed to go bankrupt. It never entered my head. More time was needed and it would have been necessary to get from the Government's view not to let it go bankrupt," said Sir Joseph.

He added that Lord Beeching, who was the IRC representative on the Rolls-Royce Board, had thought the company could survive if several million pounds could be put in to cover overheads and if the Government would take over the RB-211 engine.

Frank

Mr. Villiers told the committee he did not know whether action would have been taken more quickly if the IRC report on Rolls-Royce had been made public. He said he was not sure if several million pounds could be put in to cover overheads and if the Government would take over the RB-211 engine.

Both witnesses said they in fact had been told for some time that the company was in a desperate position and that the Government had failed to take sufficient action to save it.

Concern over garage service standards

BY JOHN BOURNE, LOBBY EDITOR

THE GOVERNMENT is concerned about the apparent delays in the motor trade's negotiations to set up a National Council for raising the standards of garage services.

Speaking at the annual dinner of the Motor Agents Association in London last night, Mr. Patrick Jenkin, Financial Secretary to the Treasury, praised the "strenuous efforts" of the Association to deal with the problem with other bodies.

But he added: "I can only urge all those involved to strive for success. We are a bit concerned that all seems to be taking so long, and I hope that the negotiations will soon be brought to a successful conclusion."

Let us never forget, whether we are in politics or in business, that the purpose of all our efforts is the purpose of all our efforts.

Going into Europe, said Lord Stokes, would give the U.K. for the first time, the possibility of sustained stimulus in industrial investment because of the opportunity for a greater and more permanent total domestic market.

His own company had set a target of doubling its sales in Europe by the mid-1970s, assuming Britain joined the EEC.

"We believe that given reasonable conditions in this country, this is a realistic estimate of our potential."

But he warned that even if Britain entered we would still, as an industrial nation, have to put our own house in order and shake free of the old inhibiting customs and protections of the industrial past.

Mr. Jenkin said that the Government's Green Paper on the subject was a realistic estimate of our potential.

But he warned that even if Britain entered we would still, as an industrial nation, have to put our own house in order and shake free of the old inhibiting customs and protections of the industrial past.

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Mr. Michael Stewart



Lord George-Brown

COMMONS

Ross attack on 'glossy propaganda'

MR. ROSS launched an attack on the Government's pro-market propaganda—leaflets by the million, pamphlets galore and glossy magazines.

He said: "We have even had mini-skirted dollys handing out bills and pamphlets round the seaside resorts of Britain all giving a partisan point of view and all unbecomingly."

Mr. John Davies (Secretary for Trade and Industry) had told MPs the Government would be able to maintain full employment in Scotland by entering EEC.

Instead there was mounting unemployment and it was the politics of despair to say the only way we could cure the problem was to go into the Common Market.

No evidence

He believed that Britain was giving away one of the best food markets in the world which, over the years, had been a pattern of our development. Joining the Community would mean higher prices and create a very difficult position between the farmers and the urban population.

Scottish farmers, in particular, were not overjoyed about the prospect. The Government had been unable to give them assurances regarding the marketing Boards, the hills and uplands, and animal and plant health.

After entry companies all over the country would be going to the wall.

"Where is all the investment pushed into Scotland in anticipation of the Common Market and the great dynamism it is bringing?" There is no evidence of it.

"Any investment that we see as a result of this will be investment not in Britain at all but on the Continent. Companies to-day with large interests in Britain are looking at the possibilities and opportunities that are there in the Market."

The underpinning element in our regional policy was the Industrial Development Act. The Treaty of Rome will give us the freedom of movement throughout the Continent, and with that freedom, our IDC policy falls to the ground. No expansion will come from membership but it will be in the South-east, the Midlands, and the new growth areas of Foulness, at the expense of the regions."

Own measures

The vast majority of the people of Scotland were opposed to entry into these terms.

Whether the Prime Minister likes it or not, he had better face it—he has lost the confidence of the people.

"The people of Scotland never had any confidence in him at all, but the credibility gap between this Government and the people of this country is widening every day."

"If Mr. Heath really meant what he said, that he could not so in this country, he should be looking at Parliament and the people, then he should let the people speak. I can assure him if they did it would be to say, even louder than General de Gaulle, 'No.'"

Mr. Gordon Campbell said the need for policies on regional development was recognised at the formation of the EEC. But up to the present time each member had been left to apply its own measures of regional development.

The Community had not reached a stage where an overall common regional policy for the Six had been attempted.

It was perfectly clear that various kinds of measures used in this country in recent years would be in order within the EEC if applied in areas which clearly were in need of help.

We should be able to play a full part in discussion and in the formulation of a common regional policy. "If we enter we can take part in the fundamental decision of a common regional policy."

On the benefits to the Scottish people would not be in the minority."

economy of entry, he said. "We need additional investment in industry, and an important way in which we will get more growth in our economy, is by the dynamic effect of entry into the EEC. We want to promote a situation in which there is more mobile industry looking for areas in which to expand."

"By our decision we can open up a new prospect for Scotland and areas in the U.K. with similar problems. The EEC expands our horizon and gives us greater opportunities for progress towards increasing jobs and prosperity."

Only vote

"The enlarged Community offers prospects of economic growth which will provide more mobile industry looking for areas in which to expand."

"We are at the beginning of a great enterprise. If we decide upon entry we shall start a new era of working together with many millions of our fellow men and women to a common purpose."

Mr. Michael Stewart said that in 1970 the then Government stated clearly that we were entering negotiations in good faith.

But surely it was not possible to profess good faith but say, at the same time, that the whole of the Common Agricultural Policy should be altered.

"I do not believe that the terms could have been substantially bettered. And for that reason I believe a good many of us will vote for entry—this is the only vote which will be consistent with the policy many of us pursued in Government, and that the attitude towards the Common Market was that set out in the Labour Party's manifesto at the last General Election."

"I do not suggest that the majority of my constituents agreed with me on this issue. But I knew what I believed, in their wisdom they decided to vote for me and I would not be acting in a credible fashion if I now said I believed something else."

When one had waded through all the economic arguments it was clear the weight of evidence supported the view that if Britain joined Europe she would have a substantial opportunity to increase her wealth-making power.

"All the criticisms, or many of them, advanced against entry in the EEC turn back on themselves. A very great opportunity, not only economic but political, not only for Britain but for Europe and mankind, would be lost if we turn down entry now."

"We have to take not only about the immediate possibilities but the immediate pressures. Many people could be subjected to hardships unless deliberate action is taken to prevent it."

No pleasure

Increases in wages and salaries after entry would exceed increases in prices so those able to work would have an improved real standard of living. But the pensioner would not get this extra unless the Government gave it to them.

The help to be given to the pensioner should, at least, be adequate. The Government had to make any errors in the pensioner's favour and the increases should not come in supplementary benefit but in benefits which came to people as of right.

He would judge on their performance in this field how much the Prime Minister and the Government believed in Europe.

"A number of us are going to show very plainly how much we believe in Europe by our votes on Thursday. It is no pleasure to me to find myself in a minority in my own party though I am inclined to think that, if one looked at the whole community of democratic socialists in Europe, we would not be in the minority."

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'Ignorant outburst' by Kennedy—Heath

MR. HEATH said yesterday that it was regrettable that Senator Edward Kennedy had given vent to such an ignorant outburst concerning British policies in Ulster.

He was replying to Mr. Ted Leadbitter (Lab., Hartlepool) who claimed that Britain should re-examine its policy on intervention to avoid criticism from outside.

Mr. Leadbitter said: "While no Government statement is required regarding Senator Kennedy, this House and this country condemn his irresponsible and unwise statement. It refers to the conscience of this country—it is time he examined his own."

Mr. Jeremy Thorpe asked when the Westminster Government was going to put forward proposals for a future political settlement in Northern Ireland.

Mr. Heath said the Home Secretary was holding discussions at the moment, and he thought it right that those he had invited to the talks should have the first opportunity to put forward their proposals. These would be considered fully.

"Those concerned with the machinery of government and political activity in Northern Ireland should put forward their own ideas for a solution," he said.

South Africa

Later Mr. Heath and Mr. Wilson clashed over the alleged activities of the South African security service in Britain.

Mr. Wilson asked Mr. Heath: "Have you repeated the instruction to the security service, which I gave, that there was to be no co-operation between the British security service and South African officials in London for the purpose of exercising surveillance over South African liberals in this country?"

Mr. Heath retorted: "If you will recall your previous admission that you will remember security matters were not discussed in public."

Concorde

Mr. Heath was told by Mr. Robert Aldrey (C, Bristol N.E.) that many of the world's airlines would regard a flight by the Prime Minister in Concorde as an indication that the Government was seriously and purposefully backing the project.

Mr. Heath said he was looking forward to a flight in Concorde at the appropriate time, but wished to see the arrangements had yet been made.

The Government is providing a day for Concorde and I

factor was better than a sum of aircraft already in service. Mr. Heath said he had no doubt that the airlines were now within a week or so of being able to fly the aircrafts which they needed to before they could make decisions.

Mr. Heath said he would like to commit himself about the information being available in the next week or two but hoped it would be available an early date.

Rate rebates

ABOUT 800,000 owners of tenants in England and Wales received rate rebates in the months ending on March 31. The Department of the Environment announced the new year's total was slightly above £14,000,000, an average of £18.30 per person in the year. Those who benefited 84 per cent were retired.

Merrill Lynch Pierce Fenner Smith Hubbard Westervelt Mottelay Royal Securities and Lionel D. Edie and Co.

What kind of financial house is that?

The new kind. The kind we believe major international investors are all going to need in the future—and which many are using advantageously right now.

NEW METHODS AND OLD IDEAS: YOUR DILEMMA TODAY

Since the time of the Dukes of Lombardy, the methods of international finance have been changing at an ever-increasing pace. There has probably been more innovation in the past ten years than in the previous hundred.

Old ideas are under a lot of pressure. Investors and advisers alike have to decide which of yesterday's must be abandoned, and which must be cherished. And today's markets are so dynamic that inactivity counts as a decision. Like any other decision, if it is a mistake it can expect no mercy from the market.

Unless you are quite certain that your funds, and your advisers, are hitting exactly the right balance between innovation and caution, you are likely to find the following resumé of Merrill Lynch's international activities interesting—and perhaps rewarding—reading.

THE MERRILL LYNCH STORY: OR HOW TO GROW TREES FROM GRASS ROOTS

Merrill Lynch's usefulness to the institutional investor in Europe has grown directly from its skills in serving such an enormous and varied public in America—where its 1½ million customers represent every kind of investor, including many leading institutions.

Consider three things about Merrill Lynch:

SCALE: The fact of having so many customers, so widely dispersed, has involved Merrill Lynch in its huge investment in electronics, both to process transactions and to store, retrieve and communicate information and opinions.

INNOVATION: Selling stocks on such a broad scale seemed eccentric to some Wall Street traditionalists when Merrill Lynch began.

They wondered, too, about having a formal training school for account executives—and then paying them on a salary basis rather than a direct commission. Many Merrill Lynch practices, such as the detailed annual report sent to every customer, were alien to the traditional financial world. Innovation is in Merrill Lynch's bloodstream.

CUSTOMER ORIENTATION: Consistently, Merrill Lynch's growth has been in response to customers' needs. It is, if you like, a marketing attitude rather than a manufacturing one.

And it is precisely the attitude behind Merrill Lynch's recent strides in international finance.

Merrill Lynch has taken an unusual route to a position of importance in the small world of international finance, but it has brought with it a freshness and strength which we think are well suited to today's challenges.

A MERRILL LYNCH INTERNATIONAL CHECK LIST:

Here, in brief, is a description of ten of the companies whose services you might use. Some of these services are probably not available at all through your present advisers. Others may currently require you to make laborious individual arrangements for different services.

1. MERRILL LYNCH, PIERCE, FENNER & SMITH INC.

The world's biggest stock and commodities broker. The size and strength of the New York base

provide, not only stability, but strong management and rigorously enforced standards of selection, training and business conduct in all Merrill Lynch activities.

2. MERRILL LYNCH OF CANADA AND ROYAL SECURITIES LTD.

Through its association with Royal Securities, Merrill Lynch has become a prime dealer in Canadian Government securities, and now has 20 offices in Canada—including a section of the Securities Research Division based in Toronto.

3. HUBBARD, WESTERVELT AND MOTTELAY, INC.

Through this, Merrill Lynch's real estate financing subsidiary, you can arrange U.S. and Canadian sale-and-lease-back deals, joint ventures, mortgages and private placements.

Any Merrill Lynch executive, in any office, will put you in touch with the appropriate people.

4. MERRILL LYNCH INTERNATIONAL LTD.

Its president (a Swiss) has headquarters in Geneva; one executive vice-president in London. But your Merrill Lynch executive in any of 29 offices throughout Europe, the Middle East, the Pacific and South America can plug you in directly, through his private high-speed wire, to all the information and opinion retrieval equipment and expertise of Merrill Lynch.

5. MERRILL LYNCH SECURITIES UNDERWRITERS LTD.

Its president works out of Paris and it handles all new Euro-security issues for Merrill Lynch International in Europe. It has a major role in creating new and imaginative financing and international banking activities, and it handles all Merrill Lynch's offshore fund activities.

MLSU has already established a considerable reputation for strength and selectivity in managing, underwriting and retailing offerings of Euro-securities. Significantly, each new issue is checked out by both Merrill Lynch's Securities Research Division in New York, and by the MLSU men on the spot to be sure the issue has the right feel to it.

6. MERRILL LYNCH TRADING SERVICES CO. S.A.

This is the Corporation headquartered in Geneva which makes its communication and information facilities available to MLSU to ensure contacts with the other Eurobond traders. Merrill Lynch Trading Services Co. is an agent of MLSU.

Bi-monthly lists of estimated negotiated prices are available through MLTSC—and these lists provide a valuable contribution to the market in these bonds. They provide a statistical comparison of interest rates, maturity dates, prices and yields on some 150 issues—long-term debentures, convertible bonds and short-term notes. The aftermarket in Eurobonds is not maintained so much through trading on one or more European exchanges where a given Bond may be listed but by the main specialised traders. These traders make markets in many outstanding Eurobond issues and are in constant telephone and telex communication with each other. MLSU for this communication function uses the services of Merrill Lynch Trading Services Co. S.A., Geneva.

7. MLSU RETAIL UNIT

A group of specialists who know how to make full use of Merrill Lynch's scale and retail

strengths when large blocks are to be sold. Whether they are U.S. securities or securities from other countries.

We believe their skills make Merrill Lynch unusually effective in pricing, and unusually effective in distributing, such blocks.

8. MERRILL LYNCH (BROKERS AND DEALERS) LTD.

Based in London, this is the very active commodity futures area of Merrill Lynch International. It maintains the worldwide Merrill Lynch policy of never "taking a position" in a commodity itself.

In their highly specialised fields, the commodities specialists of the London team have a reputation for high professionalism. They are in frequent contact with the specialists of the Merrill Lynch Commodity Division in New York—and, of course, with the International Commodity markets in the U.S., London, and other countries.

There is an account executive in every Merrill Lynch International office who will be glad to make the commodity services of the MLBD specialists available to you.

9. LIONEL D. EDIE AND CO. INTERNATIONAL LTD.

Another Merrill Lynch affiliate, Lionel D. Edie Inc., already supervises 5 billion dollars worth of private and institutional accounts on an advisory or discretionary basis.

This is a highly specialised and personal service, where each counsellor has only a small number of portfolios to watch over. Lionel D. Edie International, headquartered in Geneva, is available through any Merrill Lynch office. Its dealings, by the way, are not confined either to Merrill Lynch as broker, or to U.S. stocks—most of its European, Middle East, Pacific and South American clients have a wide spread of international investments.

10. EUROPEAN RESEARCH UNIT

Centred in Geneva along with the Lionel D. Edie International Operation is the Geneva section of the Securities Research Division of Merrill Lynch. (The other sections are in Tokyo, Los Angeles, Toronto and New York.)

BEHIND ALL THE INNOVATIONS: IMPLACABLE CAUTION

Having looked through this list, you may feel that Merrill Lynch is quite unlike some of your present arrangements. This is no accident. Merrill Lynch believes that financial services are going to change. That you are going to demand more and more, one fully-rounded financial house to provide a multiplicity of services.

This is the end toward which the company is working, and the reason for some of the activities which may have surprised you.

But behind all the innovations there is the massive caution of the firm's own conduct of its affairs. This caution may have looked unadventurous, even uncharacteristic, until last year, when a cloud of uncertainty hung over the U.S. financial community.

Merrill Lynch has decided, firmly, which of yesterday's ideas must go, and which must stay. What must go is anything which impedes giving you the financial services you need. What must stay is the belief that all this activity must be firmly managed from a strong centre of financial stability.

MERRILL LYNCH, PIERCE, FENNER & SMITH International Ltd.

ASSOCIATED COMPANIES: EUROPE: LONDON 25 DAVIES STREET—HAMILTON HOUSE, 1 TEMPLE AVENUE (INSTITUTIONAL OFFICE)—PLANTATION HOUSE, MINCEING LANE (COMMODITY OFFICE)
EDINBURGH 48A QUEEN STREET ROME VIA LAZIO 26 MILAN VIA ULTRICO HOEPLI 7 MADRID TORRE DE MADRID 94 BARCELONA AVENIDA GENERALISIMO FRANCO 534 ATHENS 17 VALAORITOU STREET
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BRUSSELS 32 RUE DES COLONIES AMSTERDAM 107 WEESPERSTRAAT PARIS 96 AVENUE D'ENA CANNES CARLTON HOTEL
GENEVA 31 RUE DU RHONE LUGANO VIA BALESTRA 27 ZURICH MUEHLEBACHSTRASSE 25

ASIA: TOKYO KASUMIGASEKI BUILDING, CHYODA-KU HONG KONG 2 ICE HOUSE STREET MANILA A.L.U. BUILDING, AYALA AVENUE, MAKATI, RIZAL
LATIN AMERICA: CARACAS APARTADO 3419, MARACAIBO APARTADO 1343, ESTADO ZULIA PANAMA 200 VIA ESPANA, PANAMA CITY BUENOS AIRES SARMIENTO 309, 4 PISO
MIDDLE EAST: BEIRUT STARCO NORTH BUILDING KUWAIT KUWAIT INVESTMENT COMPANY BUILDING, SAFAT SQUARE

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Going to Europe.

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 ...a Four Sealink car

مکتبہ اسلامیہ



Before booking -
any businessman planning a meeting in France,
Germany, Belgium or Holland should
think twice about the advantages Sealink can give him.

The convenience advantage

Sealink Services leave London for Paris, Brussels, Cologne, Amsterdam every night. The train for Paris leaves Victoria at 21.00 (22.00 until Oct 30) and gets you there at 08.40 next morning. The train for Brussels leaves Victoria at 21.00 (22.00 until Oct 30) and gets you there at 08.57. The train for Amsterdam leaves Liverpool Street at 20.00, and arrives at 08.48. The train for Cologne leaves Liverpool Street at 20.00, and gets you there at 10.55.

Because you travel overnight, you lose no working time. And you arrive bright and rested, refreshed by a good night's sleep - and ready to tackle the problems that going into Europe might bring.

Sealink Services leave London every night, wet or fine. Fog doesn't close Victoria or Liverpool Street Stations, and Sealink ships aren't diverted to unexpected landing places.

Sealink Services leave the heart of London and rush you to the heart of every European city. If you're starting from Birmingham, Bristol, Southampton or Peterborough, fast Inter City trains get you to London departure points in plenty of time - without having to cut your working day short. And when you arrive in Paris, Brussels, Amsterdam or Cologne, you are in the city centre, instead of miles in the country. What's more you have the whole day there and don't have to start back halfway through the afternoon.

Sealink also takes your car, if you wish - a positive plus if you want to make the most efficient use of two or three days abroad, enabling you to make multiple calls along the way.

Choose whichever of the 7 Sealink European routes that's most convenient for you, and drive to the car ferry departure point. Four Sealink car ferry routes operate

from Dover alone, and Dover, with its brand new terminal offering banking, hotel, restaurant, AA and RAC facilities, is only 78 miles from London. Then, when you arrive on the other side, you have easy access to the whole fast system of European motorways.

Sealink Services leave London, Birmingham and Manchester for Ireland - North and South - And for the businessman - especially with a car - one of Sealink's four Irish car ferry routes is the answer.

Sealink's Irish landing points are well placed for reaching the north, south or centre quickly - on quiet, easy roads.

Ask about the Sealink "Take-4" Discount System to Ireland a concessionary Car Ferry scheme for the businessman. (Starts Jan. 1st. 1972)

The cost advantage

Sealink leaves money in the bank. Sealink fares are less than the equivalent air fares, and they include a great deal more.

Comfortable overnight accommodation is provided en route, so you save on hotels.

Transport from port of landing to city centre comes with your Sealink ticket, so you can forget airport-coach fares.

Added to this, you find that a good meal on board your Sealink train or ship costs you less than it would that same evening in Paris, Brussels, Amsterdam or Cologne.

Here are some possible examples of how you can have almost a full day in the office outside London and make the 20.00 from Liverpool Street for Holland and Germany or the 22.00 from Victoria for France and Belgium.

BUSINESS JOURNEYS FROM LONDON								
Business Destination	LEAVE LONDON			Arrival Business Destination	Hours available for Meetings	Depart Business Destination	Arrive London	1st Class Return Fare with single cabin/single sleeper
	Station	Time	Route					
France PARIS	Victoria	21 00	Dover/Dunkirk 'Night Ferry'	08 50	12 hours	22 00	09 10	£34.50
Belgium BRUSSELS	Victoria	21 00	"	08 57	12 hours	21 55	09 10	£32.60
Holland ROTTERDAM	Liverpool St.	20 00	Harwich/Hook	09 03	12 hours	22 18	09 10	£23.40
AMSTERDAM	"	20 00	"	08 48	11 hours	21 47	09 15	£25.90
UTRECHT	"	20 00	"	08 03	11 hours	21 56	09 15	£25.50
EINDHOVEN	"	20 00	"	08 05	10 hours	20 02	09 15	£26.90
Germany OSNABRUCK	Liverpool St.	20 00	Harwich/Hook	11 02	6 hours	18 19	09 15	£31.95
COLOGNE	"	20 00	"	10 55	8 hours	19 19	09 15	£34.15
DUSSELDORF	"	20 00	"	10 30	8 hours	19 42	09 15	£33.70
DUISBURG	"	20 00	"	10 19	8 hours	19 49	09 15	£33.05
ESSEN	"	20 00	"	10 34	7 hours	17 55	09 15	£33.70

DINING FACILITIES
Harwich-Hook
Guest Eastern Hotel next to station for dinner or dinner on train to Harwich.

Restaurant on ship.
Breakfast on ship or on trains to Utrecht, Eindhoven and all

German cities.
Dinner on train or ship on return.
Breakfast on ship or on train Harwich - London.

London-Paris/Brussels
Bar & Restaurant Car London-Dover
Breakfast Car Lille-Paris.
Breakfast in sleeper - Brussels
Buffet Paris-Lille
Breakfast Car Dover-London

	Train Time for Harwich-Hook Service	Train Time for Night Ferry	Arrival Time on Return Journey
Brighton	17 45	19 45	11 37
Southampton	17 38	19 38	11 40
Bristol	16 45	18 15	12 34
Swindon	17 03	19 50	11 43
Reading	18 05	20 06	11 03
Oxford	17 35	19 28	11 08
Birmingham	17 15	19 15	11 48
Coventry	17 33	19 33	11 28
Leicester	17 32	19 31	12 23
Nottingham	17 00	19 00	12 19
Manchester (via London)	16 05	17 40	13 40
Peterborough	17 20	19 54	11 20
Leeds	15 30	17 00	13 43
Ipswich	20 42	19 43	11 51

- all these timings are approximate and allow 1 hour, ample time for transfer from one terminal to another in London.

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CODE OF INDUSTRIAL RELATIONS PRACTICE

Taking account of industry's views

BY JOHN ELLIOTT, Labour Editor

The tribunal adjourned until to-day.

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18
ANNUAL STATEMENTSEAST ASIATIC RUBBER
ESTATES

PRE-TAX PROFITS UP 20%

The 48th annual general meeting of East Asiatic Rubber Estates, Limited, was held on October 26th in London. Mr. H. T. Karsten (the Chairman) presiding. The following is an extract from his circulated statement:

The Company again had a very good year. The decline in rubber prices during the period was offset by the larger crop harvested, whilst our Palm Oil producing subsidiary, Teluk Merbau Plantations Ltd., had an excellent year and was able to increase its dividend to 30 per cent, compared with 15 per cent. in 1969. This, coupled with a substantial increase in our investment income, resulted in a total gross profit of £302,303 before provision for taxation compared with £250,617 for the previous year—an increase of approximately 20 per cent. It has thus been possible to propose a final dividend of 25 per cent. compared with 22 per cent. in 1969. The interim dividend of 10 per cent. for the year against 12 per cent. for 1969-70.

PALM OIL PLANTATIONS: The estate is now fully planted with high yielding stock and during the past year the mature area was increased from 3,953 acres to 4,048 acres as former immature areas were brought into tapping. The crops from these areas together with increased yields from areas previously in tapping is reflected in the record crop of 2,630,563 kgs. (£5,800,000 lbs.) harvested during the year.

Future Outlook: In spite of the declining rubber prices during the year under review our crop of 2,630,563 kgs. of rubber produced has only suffered to a small extent owing to the much less severe drop in prices of Liquid Latex, which is our main production.

TELUK MERBAU PLANTATIONS LIMITED: The estate property totals 7,963 acres. The mature Oil Palm area at 31st December, 1970, was 3,757 acres. The area has since been increased by 233 acres which came into bearing at the beginning of the current year.

40,330 tons of Oil Palm fruit were harvested during 1970 and produced 7,135 tons of Palm Oil and 1,760 tons of Palm Kernels. The average net prices realised on the oil were £39.67 per ton (£50.90 per ton respectively). The comparative figures for the

previous year were 7,424 tons of Oil and 1,241 tons of Kernels, averaging £60.25 per ton and £46.13 per ton respectively. The slight fall in output was due to inclement weather conditions. The Rubber crop totalled 484,895 kgs. compared with 480,813 kgs. in 1969. The average price realised for all grades was approximately 18.33p per kg. l.o.b. (1969—18.35p per kg.).

A major extension of the Oil Mill has now been completed at a cost of £251,372 which will double the maximum throughput of the plant.

Chairman's Additional Remarks: Supplementing his circulated statement, the Chairman addressed the meeting and said: Rubber prices are still hanging fire and the profit from the Padang Mehta Estate will naturally be lower again this year but not to any serious extent. We have now sold some 80% of this year's production at relatively satisfactory prices.

The crop figures for the 6 months April/September 1971 are a little below estimate at 1,319,000 kilos (1,314,000 last year) but we still hope to reach our estimate for the year of 2,891,000 kilos.

Although Palm products prices have lately declined a little there is still no weakness in the edible oil complex and we expect a higher return from our investment in the Teluk Merbau Plantation for the current year. The crop figures for the first 9 months of 1971 are: Rubber 350,000 kilos; Palm Oil 7,273 tons; Palm Kernels 1,774 tons.

The rubber figures are a little below estimates but the Palm products are well above. Since sending out our Accounts we have received the full statement of Accounts for the New Zealand Development Co. for the year to 30th June last. As foreshadowed there has been a loss on the Plantation and on the New Sawmill while the Swartwater mill made a profit. The total loss is £220,560 which includes depreciation of £113,380, and increased interest charges to finance the cost of the new mill.

It does, however, look that this enterprise has now turned the corner and should prove a very valuable asset to the future.

As a whole I expect that the East Asiatic Rubber Estates Ltd. will be able to maintain the dividend for the present financial year, ending next March 31st.

Wood Bastow
Holdings Ltd.

Statement by Mr. Jon Wood, Chairman, for the year ended 3rd July, 1971

- SALES for the 56 weeks to 3rd July 1971 were £4,422,897 against £4,032,589 for the previous 52 weeks.
- PROFIT before tax was £357,240 plus a Capital Profit (after tax) of £7,000.
- DIVIDEND A Final of 20% has been approved making a total of 27% (25% in 1970).
- EARNINGS per share go up (on a 52 week basis) from 8.4p to 9.1p.
- REVIEW Sales and Profits from the Slix Swimwear Companies were adversely affected by the postal strike. The Marks and Spencer side has developed and demand for our products continues.
- PROSPECTS Additional productive capacity together with a larger direct labour force places the Group in a strong position to fulfil increased demand which is already apparent. In the absence of unforeseen circumstances, a year of further progress should be reported in due course.

From the Accounts	1971	1970
56 weeks	52 weeks	
£	£	
Sales	4,422,897	4,032,589
Profit before Tax	357,240	339,296
Profit after Tax	213,740	182,315
Net Capital Profit	7,000	—
Earnings per Share	9.1p	8.4p

Copies of the Report and Accounts obtainable from Wood Bastow Holdings Ltd. Selston, Nottingham.

BROOKS

The Chairman reports record results

52 weeks ended 26th June	1971	1970
Turnover	1,785,283	1,677,338
Profit before tax	229,368	207,882
Profit after tax	138,368	107,882

The Board recommended a final dividend of 9%, making a total of 14% for the year compared with 12% anticipated in the Offer for Sale.

"Despite the continuing problem of cost increases it is anticipated that the current year should once more show even better results. Recent acquisitions added to our existing products and business connections will considerably strengthen our position in the rapidly increasing markets for air conditioning and air filtration equipment. I am confident that this will improve the growth potential of our company and result in an increasing contribution to the profits of the group."

W. G. BROOKS.

Brooks Ventilation Units Limited

Fiat chief warns car trade
'tougher going in the '70s'

BY JAMES ENSOR

DR. GIOVANNI AGNELLI, the chairman of Fiat, warned in London yesterday that the prospects for the world motor industry over the next decade would be much less attractive than those enjoyed over the past 10 years. Europe was switched from a steady incremental demand to a fluctuating and largely replacement one. As a result, the industry is likely to see a growth of only 2.3 per cent. a year, compared with the 7 per cent. enjoyed in the 'sixties.

Demand will fluctuate from year to year, since buyers will easily postpone replacement purchases, he said. And once the market had become predominantly a replacement one, psychological motivations would play a larger role than economic forces in determining demand.

Dr. Agnelli suggested that motor manufacturers may face periods of considerable overcapacity during the 'seventies. This will cause problems for companies operating in countries where there is a strong commitment to full employment.



Giovanni Agnelli

The American market already demonstrated the characteristics of a mature market for cars. "In some metropolitan regions a slow rejection process is already developing and the suitability of

the car as a means of transport is under question," he pointed out.

Dr. Agnelli predicted that the major growth areas in demand in the next decade would be in Eastern Europe and Latin America. But, even so, the growth would not be sufficient to counteract the slowdown in the large, industrially mature markets of the West.

Dr. Agnelli is widely regarded as one of the shrewdest of motor industry chiefs and one of the best at seeing the industry in an historical or philosophical perspective. He predicted some years ago that the number of motor manufacturers in Europe would contract rapidly from some 40 companies to seven or eight major groups receiving widespread attention. Yesterday's address to the Institute of Mechanical Engineers may prove equally prescient—certainly Dr. Agnelli's presence on the rostrum was sufficient to draw the managing directors of the British subsidiaries of Renault, Citroën and Alfa Romeo.

New moves to get agreement
on Atlantic air fare cuts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SENIOR EXECUTIVES of the airlines flying the North Atlantic route renewed their efforts to get agreement on fares at a "pre-meeting" session at the Beau Rivage Hotel in Lausanne yesterday.

While reports from the meeting were guarded, it is now widely expected that some form of an agreement will be forthcoming—possibly later to-day or at the latest to-morrow.

If this is so, it will be put to a wider meeting of interested airlines immediately before being turned over to tariffs experts who will translate it into detailed fares for final approval at a full session of the airlines, possibly by early next week if not before.

Any fares agreed as a result of the Lausanne meeting become effective on November 1, thus averting the possibility of an "open-rate" situation in which airlines would be free to charge whatever fares they chose. Such a situation, it is feared, might degenerate into a "fare war", which is now being held in deterrence to reach agreement, if at all possible.

The general belief is that any fares agreement emanating from Lausanne will eliminate the "Advanced Purchase Extension" (APEX) concept, in which passengers would have to pay several months in advance to get cheaper rates.

Most airlines attending the conference are openly hostile to

this idea, and it seems that those in favour of it, such as BOAC, may have to give way in the interests of a wider fares agreement.

Thus the view is that whatever fares are agreed at Lausanne they will not be quite so cheap as was originally expected—that is, they may not go as low as the £80 level, around which the original APEX fare proposal was set.

But that they will be cheaper than the current lowest economy class level (£113.35, London-New York return) seems certain.

British Oxygen to enter
carbon dioxide market

BY JOHN TRAFFORD

BRITISH OXYGEN is adding carbon dioxide, the gas that puts the fix to soda-water, to the range of industrial gases which it sells. The company will start supplying cylinders of carbon dioxide filled at its Oerby compressing station to industrial users this week.

Despite the fact that existing U.K. capacity is about 100,000 tons, the company believes that it can achieve a profitable penetration of the market because of its well-established network for the distribution of industrial gas cylinders.

Its competitors in the cylinder sector of the carbon dioxide market, which accounts for perhaps 15 per cent. of the £3-4m. annual

sales, are Distillers and Air Prods. Distillers makes its own carbon dioxide. Air Products obtains its supplies on a reciprocal deal with British Oxygen.

British Oxygen's supplies will come from ICI which itself is active in supplying carbon dioxide to bulk customers. The main markets for British Oxygen's sales will be to welders (the largest single outlet for the gas in cylinders) and to foundries. Rather less emphasis will be put on gassing, business from soft drink and beer manufacturers.

Initially most of the sales effort will be concentrated in the Midlands where the location of the first compressing station offers the company a competitive advantage.

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"German
pay rates
draw U.K.
workers"

UP TO 150,000 Britons could be working in Germany by 1980, a researcher said yesterday.

The figure will be attracted by manual workers' wages then averaging £100 a week, compared with £57 in Britain. Mr. Roger Bohning says in a new quarterly magazine, *New Community*.

"This gap between wages in the two countries will happen, on present trends, whether Britain joins the Common Market or not," according to Mr. Bohning.

The annual flow of Britons to Germany will be above 10,000 a year by the mid-1970s and may rise to 20,000 in a peak year.

By the end of this decade, a labour pool of 100,000 may have accumulated and could probably have risen to a maximum of 150,000, says the magazine, published by the Community Relations Commission.

At present "not more than 15,000 Britons are working in Germany."

The Commission's chairman, Mr. Mark Bonham Carter, told a news conference held to launch the magazine that fears of an invasion of Britain by foreign workers if we joined the Market were groundless.

Fair deal plea for European migrants

MPs are being asked to see that workers who migrate to the Common Market countries get a fair deal if Britain joins.

The plea comes from the House of Commons, the House of Lords, the House of Bishops, the Conference of England and Wales.

The committee says that in a number of Market countries, immigrant workers' rights are ill-defined, their job security "precarious" and their housing "appalling."

The Committee says more and more European countries are drawing labour from the West Indies, Africa, the Middle East and Southern Europe. "They are often nothing more than a source of cheap labour to be used at times of high economic activity and rejected in a time of recession."

It asks the Government to give priority of treatment to Common Market citizens and Commonwealth immigrants.

NHS pay-bed system abused

committee told

SOME COMPLAINTS made to a Commons Select Committee about alleged abuses of private patient arrangements in the National Health Service indicated "supervisory" and "a senior Department of Health official said yesterday.

Mr. Lawrence Brandes, Under-Secretary at the Department, told the committee which is investigating the NHS pay-bed system that none of the complaints had been substantiated.

We have not seen enough evidence in our department or in the pages of your evidence... to feel that the time has come to have an investigation," he said.

Complaints include allegations of queue-jumping and the use of NHS "time by consultants to treat private patients."

Credit Suisse opening London branch

CREDIT SUISSE, one of the Big Three Swiss banks, is to open a branch office in London early next year. It is a representative office in London since 1954. The branch will be a specialist unit complementary to the bank's worldwide organisation.

The office of Credit Suisse's London representative is at 48-49, Moorgate, London, E.C.2.

A 30 per cent. interest is held in London Multinational Bank, whose other shareholders are Baring Brothers, Chemical Bank, New York, and Northern Trust Company, Chicago.

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London secretaries
under 21 earn
£20 a week

BY ELSAETH GANGUIN

FOR the first time, London secretaries and shorthand-typists passed the £1,000-a-year barrier. Increases of 50p a week during the past quarter pushed even the "median" salary over the top, according to the Alfred Marks Bureau.

In its latest quarterly survey of salaries, the company says the older London secretaries and shorthand-typists got 75p a week more during the same three months.

Audio-typists, and copy-typists, receptionists, clerks and machine operators all had similar increases.

Secretaries and shorthand-typists (all ages) now earn between £20 and £24.75 a week. Comparative figures are: audio-typists £18 to £21.75; typists £15.25 to £20; receptionists and telephone operators £16.50 to £21.25; women clerks £14.75 to £20; and men clerks £17.50 to £24 a week.

Wages in the provinces remain lower. The salary differential between London at the top and, for instance, Dundee and Hull at the bottom is now £7.50.

Health situation

The inquiry also showed that, as wages grew, older women offices workers grew healthier, but the healthiest among them are the 24- to 30-year-olds. Questionnaires were answered by 3,068 girls and women, aged from 15 upwards.

Over half of them were secretaries and typists, and 70 per cent. of them worked in Greater London.

Headaches topped the list of complaints—83 per cent. said they suffered from this occasionally or often. Eye fatigue came next (54 per cent.), followed by backache and toothache. Some 43 per cent. said they suffered from indigestion, particularly the older ones.

To the question "why were you last off sick," most (21 per cent.) said they had had a cold. In-

fluenza came next, then "other disease or medical condition," run down, menstrual pain (10 per cent.), migraine, dental treatment, and accident.

All the same, one quarter of the total sample and 43 per cent. of the over thirties had not been absent through illness for more than a year. But 45 per cent. of the 15-to-17-year olds had been absent for a day or more during the month before they completed the questionnaire.

Over half stated that they never took pills or drugs, just under half said they did not smoke. And while 38 per cent. had a bath every day, 19 per cent. admitted that they had a bath just once a week.

Most were unhappy about their office chairs, one in two complained about the lack of fresh air in the office, and 53 per cent. grumbled about the office lighting.

RAC opposes motor-cycle age limit rise

THE RAC yesterday asked the Government not to drive 16-year-old motor-cyclists off the road. Accidents involving 16-year-olds were caused more by their inexperience than their age, said the RAC, making representations to Mr. Roy Jenkins, Minister for Transport Industries, on proposals to raise the minimum age from 16 to 17.

The most effective remedy for accidents involving young motor-cyclists, said the RAC, was to improve and expand the arrangements for training them. Larger numbers could be trained by experts on off-street training grounds, the RAC added.

It proposed that 16-year-olds continue to be allowed to use low-powered motor-cycles, but lower than the 250 cc. restriction, said they had had a cold. In-

aplicable now for learners.

Guernsey petition
on EEC secession

A PETITION signed by 15,000 people in Guernsey has been delivered to the Queen asking her to allow the islanders to continue to govern themselves if Britain leaves the Common Market.

The signatures, representing half the adult population of the island, were collected by the Guernsey Constitutional Association, formed to fight any attempt by Britain to draw Guernsey into the EEC.

In London yesterday Mr. John Peters, secretary of the association, said the message from Guernsey was "We have run our own show for 700 years and we would like to keep on running it."

If Britain joined the Common Market, the islanders under the Treaty of Rome would lose the right to legislate for itself. Rippington that if he fails to negotiate terms tolerable to the needs of Guernsey he will go back and negotiate other terms," he said.

Rejected

Mr. Peters said he and other members of his association were applying for permission to make representations to the Bar of the House of Commons from Mr. Ted Vint, secretary of the Concerned Group of Jersey Residents, said the States of Jersey rejected the EEC terms last year. "We would now like an assurance in Parliament from Mr. Vint that if he fails to negotiate terms tolerable to the needs of Guernsey he will go back and negotiate other terms," he said.

Debre gloomy on outlook for defence co-operation

BY ROBERT MAUTHNER

PARIS, Oct. 25

was still a long way off and that the defence Ministers indicated here to-day that the French Government was not very hopeful about the prospects for Anglo-French nuclear defence co-operation in the foreseeable future.

Speaking at an Anglo-American Press luncheon, Mr. Debre did not rule out such co-operation for all time, but he nevertheless made clear that the technical and political obstacles were still very great.

The main purpose of nuclear arms was to deter attacks, he emphasised. But if they should ever be employed by any nation, it would certainly be in the first place to defend the national territory.

National defence, Mr. Debre said, was merely an extension of politics and patriotism and it was difficult to see how there could be any effective co-operation in the nuclear defence field unless it was based on a common political orientation. But this

was still a long way off and that the defence Ministers indicated here to-day that the French Government was not very hopeful about the prospects for Anglo-French nuclear defence co-operation in the foreseeable future.

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The crow and the grasshoppers

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The Executive's World

EDITED BY
DAVID PALMER

A unique situation has created the sort of management-union partnership on the Clyde that many company managements dream about. **ANDREW HARGRAVE** reports on

How they're managing at UCS

THE WHITE-helmeted plumber, work sheet in hand, walked into the shop stewards' but at the Clydebank yard of Upper Clyde Shipbuilders as naturally as if it were his own office. He had a problem of supplies that involved other trades. Could it wait until the next weekly meeting of the production committee or should it be settled there and then?

The question could not have arisen in this form at pre-liquidation UCS, partly because managerial types had been barred from the stewards' but partly because the matter would have been to be raised through "official channels."

Now the foreman is himself a shop steward representing fellow foremen. He is also a member of the UCS Co-ordinating Committee which, over and above the more spectacular and television-prove activities such as the "work in" the mass meetings and demonstrations and the parlaying with Ministers and opposition spokesmen, is a major factor in operating the yards while the process of liquidation goes on.

Construction

The present running of UCS—where 14 ships are in various stages of construction at the three yards and steel factory—appears to have more in common with the way factories and shipyards operate in Yugoslavia than anything ever experienced in Britain before. It is emphatically not "workers' control" in the sense that the workers actually run the yards. "We insist on the foreman giving the orders and the workers following," says Jim Reid, shop steward at John Donnelly's.

People still do get sacked, but not every day. At Clydebank, only a half-dozen have been dismissed since liquidation last time, all for bad time-keeping. Other forms of misconduct—drunkenness, pilfering—seem to have disappeared in line with the promise given by Mr. Jimmy Reid, the shop stewards' spokesman, when the "work in" began on July 30.

Although the sharp clashes with the Government might have strained industrial relations within UCS, the opposite has been the case. A form of peaceful co-existence has developed with the liquidator, Mr. Robert C. Smith, who in the eyes of the law is in sole control.

Working alongside the liquidator is a shadow management,

exercised through the yard production committee. With supplies scarce, the production committee has direct access to the yard managements and, if necessary, to the liquidator himself. The system appears to be working remarkably smoothly. In the past, the liquidator's representatives reached their destination more quickly than in days of stringency before liquidation. As for the relationship between management and workers, the plumber foreman and steward Donnelly given a formal hierarchical

take-home pay of the "work-in" people is true. They depend for part of their income on weekly bonuses being paid to other yard workers.

The production committee, and indeed the co-ordinating committee, have their origins in pre-liquidation days. When UCS was first formed, it was given a formal hierarchical

committee. The joint shop stewards committee had been set up under the chairmanship of Jim Reid to try to stave off redundancies. It had been formed by leading shop stewards in the three yards and the Linthouse steel factory. When UCS was formed, the joint shop stewards committee was already in existence.

Since supplies are not, of course, new to the UCS workers. Ever since the first bankruptcy

healing on the dole. "We are solving part of Clydebank's unemployment problem," says Ross With a bank unemployment figure of 12 to 14 per cent at Clydebank, he has a point.

Contracts between the UCS workers and the official church—close and frequent, with clergyman attending meetings of the co-ordinating committee, speaking at mass rallies and demonstrations, raising prayers in churches and contributing to the funds through collections. Other organisations and a large part of the Scottish public have also openly shown their sympathies in hard cash.

Exceptional

The set-up at UCS is of course as exceptional as the circumstances which have created it. Whether it will survive the liquidation of UCS is another matter. It is encouraging to note that one of the first steps taken by Mr. Hugh Stenhouse, chairman of Govan Shipbuilders, and his chief executive, Mr. Archibald Gilchrist, was to seek a face-to-face encounter with the shop stewards. They were not deterred by an early rebuff and a working relationship has been established. The recruitment of Mr. Douglas as deputy chairman has been another shrewd move, designed to improve the chances of co-operation when the new company gets off the ground.

But there are dangers, too. The continuing shortage of orders and the depressed freight market may curtail the undoubted aim of Mr. Stenhouse and his colleagues to retain as much of the 8,000-strong labour force of UCS as possible. Any attempt to enforce the recommendation by Mr. Davies "four wise men" (endorsed by the Minister himself) to achieve "competitive wage rates" are bound to be resisted by the men. Finally, there are already voices among the boilermakers to go their own separate way when the new company is set up.

Yet the spirit created by common danger may survive at UCS. The system has grown like Topsy rather than been devised formally. But it may prove to be more resistant than tradition or even the elaborate schemes planned by consultants. Whether it will depends very much on Mr. Stenhouse and his fellow executives, particularly on Jimmy Reid and Jimmy Airlie.

Nevertheless, as Clydebank sub-contractor Gerry Ross put it, they are still better off than

crisis in April, 1969, there have been periodic interruptions, sometimes lasting for several weeks, as suppliers refused to deliver except for "cash on the nail" or substantial down-payments on outstanding debts.

Since June, the liquidator has been paying the bills. But his aim has always been to keep supplies down to the minimum for the completion of contracts. As Mr. John Davies, Secretary for Trade and Industry, implied in the Commons last Wednesday, the liquidator has not always been successful in raising the necessary cash from progress payments on ships.

Keeping stocks low has inevitably led to hold-ups, a drop in productivity and, of course, bonuses. Steelworkers in Clydebank, for instance, are earning about half the pre-liquidation bonuses, a loss of about £3 week. But the "work in" people, about 550 of the 850 paid-off since mid-August, live on much less than that paid from the UCS hardship fund.

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structure. But this soon began to break down, and a series of ad hoc bodies, which sprang up to meet day-to-day needs, gained prominence.

The production committee now helping to run the yards is an extension of the pre-liquidation bonus committees. The bonus committees were originally set up by the steel-working trades to keep bonuses at a high level. But bonuses could only be kept high if supplies, particularly steel, came in regularly. The bonus committees, therefore, quickly found themselves helping management to improve productivity.

Representatives of the finishing trades and the planning staff have now joined the steel-working committee. Their job is to channel supplies, particularly steel, to the berths and sheds, to keep the men as busy as possible.

Just as the production committee is an extension of the pre-liquidation supply committees, so the co-ordinating committee is an extension of the pre-liquidation joint shop stewards

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WEDNESDAY OCTOBER 27 1971

China and the UN

CHINA'S ADMISSION to the UN, coupled with the expulsion of the Nationalist delegation which has occupied the Chinese seat for the past 20 years, is good news both for the organisation itself and for the world in general. Despite the vigour with which Washington campaigned to seat both claimants to the Chinese seat in the General Assembly there was never any real chance of a "two-Chinas" solution succeeding at the UN. Equally, it was clear that China must eventually be given its rights at the UN. It is better that these should have been acknowledged sooner rather than later.

However, the real justification for the decision to seat the People's Republic and expel Taiwan must be sought outside the scope of juridical arguments in favour of Peking or Taipei. It is probable that the UN today needs China more than China needs the UN. The organisation has been badly handicapped in the past by its inability to discuss world problems such as Vietnam in which China was a protagonist. It has also suffered from a far too rigid division between the American and Soviet power blocs in the General Assembly which has tended to lead an artificial air even to debates on subjects where China would have been only indirectly concerned.

Enormous influence

China's role in making good these deficiencies will depend on how it decides to wield the enormous influence which it is certain to exercise with many of the "third world" countries whose champion within the UN has hitherto been the Soviet Union. There is a danger that this influence could be used to polarise the General Assembly more completely than it has ever been polarised between Washington and Moscow; and China may be tempted, as the Soviet Union was before it, to make a destructive use of its veto power in the Security Council. But the tone of Peking's recent comments on the UN and on world affairs in general suggests that its delegation in New York may be at least as much interested in seeking an understanding between major powers as in pursuing ideological objectives.

Outside the UN the consequences of this week's vote will be even more far reaching, though they are also harder to

evaluate. China's status in the world and in the Far East in particular will be immensely enhanced by its presence in the Security Council where the other major Far Eastern power, Japan, is still unrepresented. It will become progressively more difficult for countries such as Japan, Australia and New Zealand to maintain the fiction that Taipei, rather than Peking, is the seat of the true government of China. Japan, in particular, is likely to become deeply involved in the process of straightening out its relations with China.

Crucial impact
The really crucial impact of the UN vote, however, is likely to be on the bilateral relationship between Washington and Peking. This was indirectly acknowledged on Monday when Dr. Henry Kissinger postponed his departure from Peking where he had been making arrangements for President Nixon's visit so as to be able to meet his hosts after the decisive vote on the American "important question" motion. The relevance of the UN decision will be more directly acknowledged when Mr. Nixon himself arrives in Peking for talks which are bound to include the problem of Taiwan's status.

The initial verdict on the state of Sino-American relations must be that they have been assisted, not handicapped, by the failure of President Nixon's attempt to rescue Taiwan from expulsion. The departure of the Nationalists from New York means that the U.S. and China now have one less problem to argue about and correspondingly more chance of getting on to the problems that really matter. This does not mean, however, that Washington is in any sense off the hook so far as the Taiwan problem is concerned. Nor has President Nixon any answer to the question of how to sever relations with the Nationalists without destroying the credibility of American policies elsewhere in Asia.

No U.S. President is likely to be able to beat a rapid retreat on the Taiwan issue and China, in its present mood, is not likely to expect such a development. What is probable is that China will become increasingly exacting in the terms for normalising its relations with third countries so as to create a precedent for the eventual settlement with Washington.

LAUNCHING the annual report of the British Tourist Authority at a pre-publication conference yesterday, Sir Alexander Glen talked about the impact on tourism of price rises and the passing of the benefit of devaluation. He was speaking in the Café Royal centre-piece of the old Forte empire.

Riding the costs storm

To-day, it is increasingly clear that it is the Fortes of the world who are riding the costs storm while less sizeable and sophisticated operators are finding the going very rough indeed. The future of the British restaurant business and the continued ability of men like Sir Charles Forte to adapt to its vagaries are, of course, vital in considering the THF-Allied Breweries situation.

The development of eating out in Britain is a relatively new phenomenon. It was only a couple of decades ago that the coffee bar and spaghetti house burst upon the British scene, diverting attention away from the tea shop and the fish-and-chip bar. Eating out was scarcely a regular occupation outside central London and one or two provincial cities, and even to-day it would be easy to over-estimate the amount of eating-out that is done in the U.K.

As many a weary traveller knows to his cost, there are large tracts of the country which have little or nothing in the way of eating facilities, particularly after dusk. We are certainly a long way from the American situation where MacDonalds, Howard Johnsons, Kentucky Fried Chicken and Mr. Salt bars seem to line the entrance roads to all towns of any consequence.

The real boom in British eating came in the mid-1960s when Wimpy really flexed its beefy muscles and Berrill Inns and Chef and Brewer took a grip on pub-style catering. There was a coincidence of low-priced food, cheap imported labour, and relatively high disposable incomes. Angus Steak Houses and Chinese restaurants sprung up, and the fortunes of such people as Mario Cassandro and Francesco Lagattolla of "Trattoria" fame and Reo Strakis in Scotland, were made.

"In those days," they tell you now, "your main worry was whether the managers were fiddling you. It was easy, providing your food was good and



Top line, left to right: Mario Cassandro and Francesco Lagattolla (Mario and Franco), Sir Charles Forte (Trust Houses Forte), and Geoffrey Solmon (J. Lyons). Above: Maxcell Joseph (Grand Metropolitan), John Bosman (Golden Egg), and Reo Strakis (Reo Strakis).

your setting right. For two or three pounds a young man could buy a girl a meal—he was happy, she was happy and we were happy. To-day you have to watch costs like a hawk, you have to beg for staff, and the customer is worried about whether he can afford to pay you."

The restaurant business has been caught by the fact that it is a labour intensive activity relying usually on high mark-ups. The growth of European economies has not only given ammunition to the price-Marketers, it has robbed the restaurants of Britain of their Italian waiters. They can now enjoy the sunshine of Naples and collect as much take-home pay there as they can in Manchester—with tips of perhaps £30 a week and more.

The surprising growth of Spanish tourism has similarly tempted many Spaniards away from Sobro and Solihull and back to the Costa Brava and the beach-side hotels of Benidorm. In some areas of Spain there are now serious staff shortages which are pushing up the bidding for waiters. In an industry which is unorganised, itinerant workers pay scant respect to such official niceties as

work permits—the market is international. Thus the British restaurateur is in direct competition for staff with his counterparts in Athens and Palma.

The mark-up situation has really begun to bite over the past year or so. With food prices rising dramatically the impact on menu prices has been worrying. Food mark-ups are likely to be in the region of 100 per cent to 140 per cent, at least (Avocado pear, costing the restaurateur 12p, will sometimes sell for as much as £1.50p for each half). The rapid rise in the cost of meat and vegetables, as well as such basics as butter, has had a pronounced effect.

Traditionally high-priced

If anything, wine prices have risen somewhat less slowly over the past couple of years than those of food. Wine is increasingly part of the British meal, but it is traditionally a high-priced item on the menu. This provokes fury in the wine trade, which can see the point of adding 100 per cent on to the cost of a steak since it needs some preparation, but

which argues volubly that restaurants could reduce wine prices substantially and sell lots more. High wine prices seem to date back to a time when food was rationed and prices fixed. It became general practice to make money out of drink. Old habits die hard, but the restaurateurs say that wine is an expensive and tricky commodity to stock.

Ways are being worked out to overcome the problems involved. The new Capital Hotel behind Harrods, for example, has a short "spot buy" wine list and a much longer one for those who think ahead. The restaurant will get the wine you want from the wholesaler if you give a few hours' notice. By and large, however, the pressures on costings favour the big operators. A group with the buying power of Trust Houses Forte, Grand Metropolitan, or Golden Egg, is able to predict its costs more effectively than small rivals through forward purchasing of basic needs.

At different levels of business in the restaurant trade, price changes produce different effects. At the low-middle end of the market (Golden Egg and Billy's Baked Potatoes up to Spaghetti Houses) the customer will have decided how much

to pay before he walks in. Price changes will initially produce changes in eating habits until the customer has adjusted to the idea of spending the odd 5p more for his meal.

At the level of £3 per head upwards, the customer will almost certainly not adapt his eating to the prices on the menu but will change the frequency of his eating out—or move restaurants. "People tell you that diners are loyal," I was told in one Sobo restaurant. "It is a myth. When prices go up they stay away for a few weeks and try it somewhere else. Then they find the price is the same everywhere... and my food is better... so they come back again. When I hear someone else is putting up his prices I know I am going to get some of his customers. But people do not just go to one place; they have to watch each other."

Restaurants on the "milk run" for American tourists this year (London, Stratford, Edinburgh) had something of a shock when the tourists did not flow in as expected—and when they came they were a little less free with their cash. Some of the really up-market properties of London's Mayfair and Piccadilly areas rely heavily on tourist traffic and visiting business entertainers.

Unfortunately, the American currency problems have coincided with continued caution in domestic business entertaining, making life a little harder in the expense account belt. Accountants are looking a little harder at the standard London/Manchester/Birmingham business lunch for two, that two years ago might have cost £5 (two drinks, two courses each, wine and coffee) but could be nearer £3 to-day.

Well-run restaurants have ways of reducing the effects of inflation and varying traffic, of course. A good head waiter can steer the customer away from dishes with a poor return (the better meats and sea-foods) to those with more appetising returns. He can give you small plates and large wine glasses.

Recently in America I was impressed by the way in which many of the chain restaurants go further and further in "gift wrapping" their food with mountains of cheap lettuce and heaps of filling (but inexpensive) bun around the obviously diminishing hamburger. It is sometimes very much like the old joke: "How did you find the meat, sir?" "I lifted one of the chips and there it was."

Less confident about labour

The real question for the trade at the moment is how far can it go with price rises without a sizeable public reaction. The answers vary considerably.

On the whole, most seem to believe that a change in price of the most dramatic nature produces a temporary, if severe, drop in trade. The most quoted precedent is the removal to tax deduction for entertainment. For about a year the effect of this change was traumatic, but then the business climbed back to its old growth pattern. What, then, of the future? Restaurateurs are placing some hope in Government assurances that the steam has gone out of food price rises. They are less confident about the labour position. Wine prices will almost certainly rise over the next year or so because of an approaching new prices situation in France. The effect will be an even greater strain on management and a test of strength on the British eating public to see whether it will still eat out when its bills go up another 10-15 per cent.

Almost certainly the pressures will help the "fast food" outlets like Kentucky Fried Chicken and the Wimpy's, which combine the efficiency of large scale buying with the intimacy of a family operation. But the well-run waiter operation should live on, despite its temporary troubles. After all, what would we do without the restaurant as a source of corny humour?

Engineering orders up

EXPORTS of machinery account for 25-30 per cent of Britain's total export earnings and are therefore a major element in the balance of payments. This year they have been buoyant, with the monthly average for the first three quarters rising from £105m. to £121.5m. Yet there has been some reason to be suspicious of this trend, quite apart from the fact that deliveries during the past couple of months may have been swollen by anticipation of the U.S. dock strike.

First, a good part of the increase in earnings has come from higher prices; export prices for machinery have been rising faster than the average and this must eventually weaken the competitive position of U.K. manufacturers. Second, exports of machinery are particularly vulnerable to the measures which President Nixon announced on August 15—not only the floating of exchange rates (which makes long-term contracts difficult to negotiate) but the tax credit given to U.S. firms which invest in domestic capital equipment. Third, the current pace of machinery deliveries reflects orders placed in the past. The new export orders of the mechanical and electrical engineering industries have fallen sharply since the spring of last year.

Exports good

It is encouraging, therefore, to see that there has recently been a marked recovery, with export orders for the three months to August being no less than 41 per cent higher than in the previous three and almost as high as during the second quarter of 1970. Some qualifications must certainly be made. These figures tend to fluctuate violently from one month to the

next, partly because of the weight of particularly large contracts. It is also the case that the comparison between the past three months and the preceding three is so striking because the latter was an exceptionally poor time for export orders. Yet a recovery of some sort has undoubtedly taken place. The volume of export orders on hand has stopped falling and is moving back towards the level ruling at the beginning of the year. The volume of deliveries, which slipped in the second quarter, has regained its previous high rate and may now continue to hold it.

Machine tools

The overall position of the engineering industries, however, is less cheerful. Total new orders have risen recently but are still running only just above the average levels of 1969 and 1970 while the volume of orders on hand is well below what it was in the second half of last year. The trouble lies in the home market, where orders have been well behind the 1969 and 1970 figures.

The same trouble can be seen magnified in the situation of the machine tool industry, whose new home orders at the latest count (in July) amounted to only £3.7m., against £6.2m. in June and £10.6m. in July of last year; its outstanding orderbook is smaller—in money terms—for this time of year than since 1967. Neither the Confederation of British Industry, after its latest survey of industrial trends, nor the Department of Trade and Industry is expecting an early revival in capital investment by industry at home. It is not only for the sake of the balance of payments, therefore, one must hope that the recent upsurge in export orders will continue.

MEN AND MATTERS

Slater Walker's Jessel offshoot

Dundee, Perth and London Shippings come back to the market next week with a new name—Dundee, Perth and London Securities; a new business, in transport rather than specifically in shipping; and a new chairman, Mr. Michael Buckley. Buckley is a 29-year-old accountant from the Jessel stable who bought a substantial stake in the company late last year and has since been expanding it with financial advice and aid from Slater Walker.

Slater now owns about 25 per cent of the company, and Buckley's name is added to the long list of Slater Walker satellites, associates and spin-offs (Mr. Dick Tarling, "spinning off" from SW with Crittall-Hope, was noted in this column only last week).

According to Buckley, Dundee, Perth and London is the second oldest shipping company in the country, after Cunard. The name was so well known that he decided to keep it with only the one change, even though it no longer reflects even the geography of the business. Buckley spent some months after leaving Jessel looking at every shell company he could find, and Dundee "was undoubtedly the best I saw—the loss-makers had been taken out, and it had plenty of cash."

The shipping side is not doing so well at the moment, with freight rates at their present level. But it was Buckley who took over the group of eight road transport and warehousing companies whose disposal by Burnholme and Forder, under its new chairman Mr. Timothy

Holland, I described in this column yesterday.

Buckley has also added Seaham Harbour Dock company, situated some miles south of Newcastle, and in due course expects to be looking around for further acquisitions, not necessarily in transport as such, but in service and distribution.

DPL, as Buckley hopes it will be known, has also just got a contract for servicing BP oil rigs in the North Sea from Dundee, starting next year. What Buckley is working towards is a "comprehensive transport service," for the very cogent reason that "road transport alone cannot compete with the British Rail freightiers."

Scientists as managers

Industry can expect another appeal for funds to support a business school soon. Mr. David Nicolson, the new chairman of the British Airways Board, is this week adding to his long list of directorships an honorary Fellowship of Imperial College. He has been a governor there for several years, and was once a student there, and his main interest has been in the post-graduate school of management sciences at Imperial College. At present, this has about 70 students, and Nicolson would like to see this at least doubled. "There is a great need to teach management subjects to engineers and scientists at university," he says, "to bridge the gap in this country between commerce and technology." This will be the theme of his speech at the Imperial College commemoration day ceremony at the Albert Hall to-morrow. In the next few weeks industry will get his appeal letters for money

to back his words—he wants £1m. or more for a new and separate building to house the school of management.

Biter bit

At the 10-000 Experimental Safety Vehicle Conference in Stuttgart this week, the chief talking point, especially among the German delegates, is the appearance of Mr. Douglas Toms, head of President Nixon's National Highway Traffic Safety Administration. Toms has become a familiar figure on the test tracks of German motor companies, as he gathers information for his boss, U.S. transportation secretary Mr. John Volpe. But yesterday, the delegates were agog to see the lanky, fair-haired Toms sporting a massive plaster on his left arm. What accident had befallen the top U.S. traffic safety man?

It seems that Toms is, of all things, hooked on motorbike racing. He had an accident last week—not his first one—on a slippery California track. His other hobby is not without hazard either—borserriding. Clearly, Toms is a classic case of "set a thief to catch a thief."

How Fraser came to Rolls-Royce

Before Mr. Ian Fraser left merchant banking two and a half years ago to be the first director-general of the Takeover Panel, his directorships were no more than one would expect from a board man at S. G. Warburg. Besides associated Warburg companies, they included Wagon Finance Corporation and the British end of Bosch (both, as it happens, concerned with the motor business). Now, before he even returns to banking (this

time at Lazard's) he is to be chairman of a much bigger operation, Rolls-Royce Motors.

There are two points Fraser wants to make clear. First, at Warburgs he did not specialise in motors, and he is going to Rolls-Royce purely as a "professional merchant banker." Secondly, he insists that the appointment has nothing to do with Lazard's, even though he will be working for them, and even though Lazard's were bankers to the old Rolls-Royce and may, indeed, be the bank which floats the new R.R. Motors to the public. Fraser was approached by the Receiver, Mr. Rupert Nicholson, to be the non-executive chairman of the motor company before he had settled which bank he would work for.

The fact that Fraser's appointment dates from December, five months before his Takeover Panel job ends, indicates that the first changes in the status of R.R. Motors may come early in the New Year. There is no conflict of interest in holding both jobs at once. Fraser points out, because no quoted company is involved. What will be involved, when it comes to an "ambassadorial work," is a change in the Fraser transport. At present he drives a Triumph 2000 estate.

Enochous story

"There is still hope for the unemployed. A redundant young electrician made his way to the employment exchange in search of a new job. After discussing his requirements with the employment clerk, the electrician was told that there was nothing for him. 'But have you thought of emigrating?'" asked the Pakistani employment clerk.

Observer

Who'd ever think of thistles for Ikebana?

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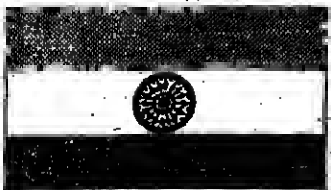


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As India and Pakistan talk of war, K. K. SHARMA, Our Delhi Correspondent, describes the background to the Indian Premier's three-week tour of Western capitals, and her demand for a political settlement in East Bengal

Mrs. Gandhi's mission in the West

IT HAS become highly probable, to put it no stronger, that there is going to be war between Pakistan and India. This is the background to the three-week tour of Western capitals which the Indian Prime Minister, Mrs. Indira Gandhi, embarked upon at the week-end, and which will bring her to Britain at the end of this week.



The Indians have just called up 600,000 army reservists. The Pakistanis claim to have killed over 500 "Indians or Indian agents" at the week-end in heavy fighting inside East Pakistan. The two Governments abuse each other with ever-growing violence. President Yahya Khan proposes that troops, both sides of the Bengal frontier fall back to "peaceful positions" (thus implying that both sides are in a war-like posture). The monsoon waters are at last going down, so that armies will soon be free to deploy. And from the camps, where over 9m. refugees are sheltered, there are reports of serious shortages of food and supplies.

The Indian Government's view, as it will be developed by Mrs. Gandhi on her tour, is that it is essential that the military rules of Pakistan transform their political approach to Bangladesh if war is to be avoided. The Indians look to international pressure to force

this transformation. But there is little evidence, as seen from here, that Yahya will agree to change his stand, and all the portents are that the heavy concentrations of troops on both the Punjab and Bengal borders, itching to start where they left off in the 1965 conflict, will lead to fighting.

The Indian Government has made no secret of the fact that it intends to fight back if Yahya's position remains rigid and he does not yield to demands for a political settlement in East Bengal.

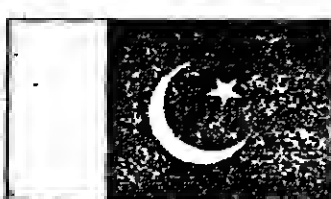
In the current situation an acceptable settlement must require the return of democratic rule, the honours of the December elections and the release of the Awami League leader Sheikh Mujibur Rahman. In India's view the East Bengalis will not settle for less and only after such a settlement will the nearly 10m. refugees now in India return to their homes.

Since Yahya is plainly not reconciled to such a settlement—which would mean in effect the dismemberment of Pakistan as a nation—it would seem that conflict is inevitable. The reasons for this are easy to see. There is little doubt that the efforts of the Bangla Desh liberation forces to create chaos in East Bengal by sabotaging administration through sabotage and such like military activities have been adequately successful so far.

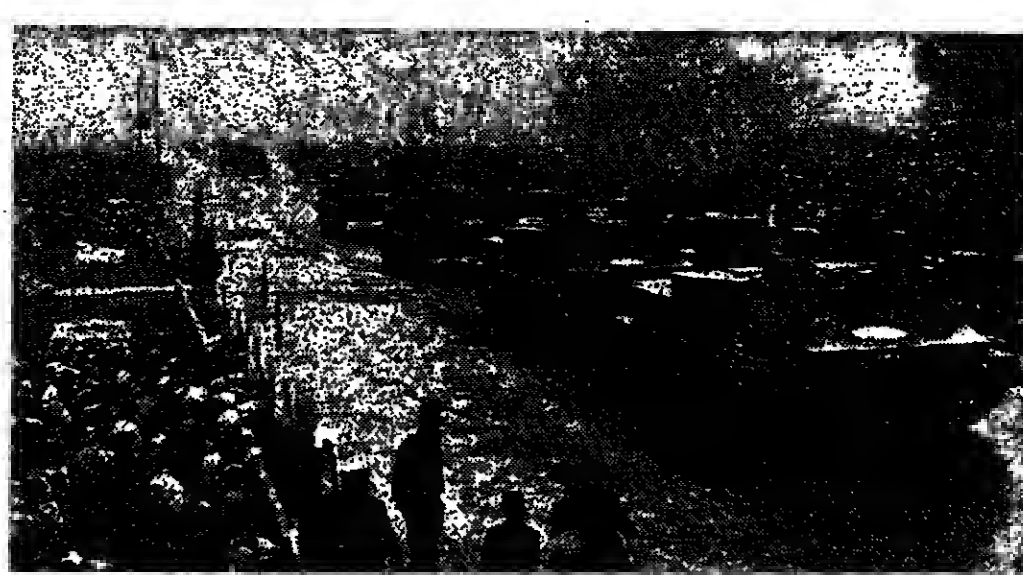
It is clear, for example, that they have large tracts of East Pakistan territory under their control. The Pakistan Government's claim that the activities of the Mukhti Bahini guerrillas are being supported by the

Indian Army is officially denied here but there is obviously a great deal of truth in reports that a Bangla Desh government is virtually operating from West Bengal and operations are being launched with the concurrence of the Indian authorities. These military operations are certain to be stepped up in the coming days when the monsoon waters subside.

It is India's fear that the West Pakistan military junta will be tempted to trigger off war in the Western wing for two reasons—to deflect attention from the situation in the East and also to internationalise the issue, something the Indian Government, curiously enough, has energetically been resisting so far. This is the reason for Mrs. Gandhi's refusal of third-party mediation or direct talks with Yahya: both would imply that East Bengal is a matter that can be sorted out by the Indian and Pakistan Governments, whereas Mrs. Gandhi has repeatedly stated that India is not a party to a dispute between warring factions inside Pakistan.



Where the Indian Government admits to a direct concern is the refugees issue, for the obvious reason that as a result of the civil war the influx of refugees has created what is seen here as an unbearable burden on India, whose economy may well be shattered as a result. Why, then, did Mrs. Gandhi go ahead with



Armoured personnel carriers, used to transport infantry to the front line, displayed for the first time during the Republic Day Parade in New Delhi earlier this year.

plans to visit Western capitals when the country is almost on the brink of war?

When the tour was originally planned it was intended mainly to explain to Western leaders that the recently-signed Indo-Soviet treaty of friendship and co-operation—under which both sides will consult each other in the event of a threat to the security of either—has not meant any departure from India's traditional policy of non-alignment.

This may or may not be correct; many in India feel in any case that non-alignment is outdated. But sudden developments in the subcontinent which have brought India and Pakistan closer to war have changed the context of Mrs. Gandhi's foreign

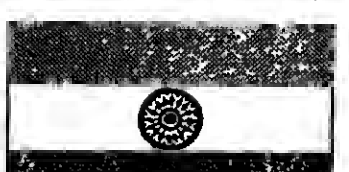
tour. The main subject of her talks with Western leaders will now be East Bengal.

Mrs. Gandhi will do some blunt talking. She will ask Western leaders somehow to use their influence with the Pakistan Government to secure a change of policy which will enable the return of the refugees. The alternative would be an Indo-Pakistan war, Mrs. Gandhi will explain, and she will not mince words.

She will say, in effect, that the Indian Government will keep its options open; if any diplomatic pressure is to be exerted to prevent war, the recipient should be Yahya, and the sooner this is done the better.

The Indian Government is

aware that Mrs. Gandhi's visit to the West may not result in a significant or favourable change in the attitudes of other governments. Although most Western countries have praised India's restraint and sympathy



thised with her predicament in looking after nearly 10m. refugees, they have been reluctant to recognise the international character of the problem or to look at the Bangla Desh

struggle as a national liberation movement.

Still, Mrs. Gandhi does hope to impress on her hosts that the international community cannot any longer avoid the twin obligations of ensuring the return of the refugees or of substantial financial assistance to maintain them.

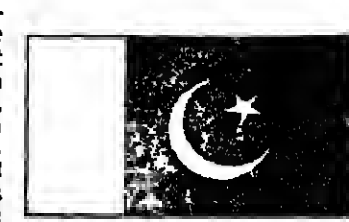
If putting diplomatic pressure on Pakistan rather than on India is Mrs. Gandhi's primary object in her mission to the West, trying to get more financial help for maintenance of the refugees is another. At present India faces a massive deficit in the current financial year, largely as a result of the burden of expenditure on the refugees. Other countries have given aid and promised more, but this barely touches the fringe of the problem, the inflationary impact of which is playing havoc with India's economy and eating away funds earmarked for development plans.

Just before she left, Mrs. Gandhi imposed new emergency taxation measures. This was clearly an attempt to demonstrate to other countries that India is doing its utmost to mobilise resources and that it is high time they chipped in.

In London, Mrs. Gandhi faces an awkward situation. Britain was among the first countries to disapprove of Pakistani atrocities in East Bengal and had gone further than most in outspoken condemnation of the Pakistani Army's actions. However, recent public pronouncements by British leaders have been on a low key and Indian observers feel this may be partly because of their anxiety not to worsen relations with Pakistan and partly because of

apprehension about the implications of the Indo-Soviet treaty for the power balance in South East Asia.

Mrs. Gandhi is hopeful of a receptive audience for her explanations and blunt talking, but she is not so certain what the response will be like on such issues as the possible repercussions on trade between India and the U.K. following Britain's entry into the Common Market.



The highlight of the tour, however, will be Mrs. Gandhi's meeting with President Nixon. This will take place against a background of continued U.S. support for the Pakistan military junta and recent disclosures by Senator Kennedy that army supplies to Pakistan are continuing despite the Administration's assurances to the contrary.

Mrs. Gandhi will not be surprised, therefore, if Washington informs her that U.S. policy to help restore a United Pakistan remains unchanged. Yet she hopes to tell Mr. Nixon that his continued support of the military regime has implications far beyond the immediate issue of Bangla Desh. Indeed, events on the ground, here in the subcontinent, where the war clouds are blackening, may well obviate any need for Mrs. Gandhi to do much talking at all.

Labour News

Walk-out threatened at Heathrow to-day

BY ROY ROGERS, LABOUR STAFF

BRITISH AIRPORTS Authority ground staff at Heathrow, London, have threatened to strike this afternoon. But BAA says, services are unlikely to be immediately affected.

The dispute involves 2,000 industrial workers who have been working to rule since the week-end in support of a 17 per cent pay claim that they want back-dated to October 1. A 6 per cent offer has been rejected by their union negotiators and talks are expected to be resumed next week.

Yesterday morning, a driver was sent home for refusing to work with another driver who was not taking part in the sanctions and 200 transport men walked out. Later, at a mass meeting, the industrial workers decided that all of them would strike to-day unless the driver, Mr. Gerry Ellis, is reinstated or suspended on full pay pending disciplinary inquiry.

A BAA spokesman said that Mr. Ellis had not been suspended. He had been "sighted" and was free to return when he agreed to work normally. A full walk-out by industrial staff would, he added, have no

immediate effect on services as the airlines themselves were responsible for ferrying passengers and luggage to aircraft.

However, such a stoppage would have a snowballing effect and eventually fire precautions could be hit as appliances required maintenance. Firemen although covered by the pay claim are not involved in the dispute.

Service trouble

Whether by accident or design the recent increase in industrial activity at Heathrow could well mean more support for the shop stewards' call for a one-day strike next Monday when General Aviation Services is scheduled to begin servicing Iberian Airlines aircraft.

For almost two years Heathrow workers have campaigned to prevent American-controlled GAT from operating from Heathrow mainly because of redundancy fears. Recently, GAT has managed to establish itself at Heathrow with contracts with Saudi Arabian and Arabian Airlines and opposition from the rank and file appeared to have subsided.

Strike halts car output

at Triumph plant

BY OUR MIDLANDS CORRESPONDENT

THE BACKLASH of the heavy toolroom strike spread all saloon and sports car production at the Triumph plant yesterday and there will be none today. More than 2,500 are laid off and output of about 1,000 bikes worth nearly £1m. will be lost.

It is due to a reprisal strike by 26 engineers who service equipment. They are among more than 7,000 toolroom and her skilled hourly-paid workers every Monday since cancellation by the Engineering Employers' Association on September 1 of a 30-year-old "institutional" rate-fixing agreement with the engineering union.

When the employers retaliated a week by locking out on the previous day, the 38 Triumph engineers went on indefinite strike. However, under pressure from production managers at a meeting yesterday, they agreed to return to-morrow.

0 laid off

On Monday night the toolroom p stewards decided to call a one-day strike for at least three months and to seek a transferable agreement with non-union companies to the now toolroom agreement. It is automatically given workers by the agreement the stage rate for skilled production workers and was used

as a yardstick in the district. The employers are trying to replace it by plant bargaining.

Commenting on the stewards' attitude last night, a spokesman for the Employers' Association said that if the union were prepared to lift the embargo on plant negotiations with non-federated firms there could be no logical reason why such negotiations could not begin right across the district.

No flat rate

British Leyland's attempts to introduce a flat rate pay system at the East Works engine department at Longbridge, Birmingham car plant—one of the few remaining strongholds of piecework pay—were flatly rejected yesterday. The 500 men involved refused to allow their full-time officers to negotiate on the issue.

Meanwhile, the three-week-old pay strike by 120 engine assemblers which has halted output of saloons and MG sports cars, is keeping more than 2,500 idle at plants in Birmingham, Abingdon and Swindon.

Shop stewards at the BSA motor-cycle works in Birmingham, where 3,000 of the 4,700 labour force are being dismissed in a move to concentrate output at Meriden, near Coventry, yesterday met the first 1,000 who are due to leave at the end of the week. The rationalisation is one of the measures being taken by the company to help solve its financial crisis.

The stewards are trying to organise a "work-in" on Upper Clyde Shipbuilders lines, but since many of the 1,000 have less than a year's service union officials do not expect much response from the first wave of redundant workers. They believe most will pick up their three weeks' pay and try to find other jobs.

More labour news on Page 28

Pilkington Australian flat and safety glass interests in merger

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

PILKINGTON Brothers and Australian Consolidated Industries are merging their flat and safety glass manufacturing interests in Australia into a joint company. The new company, Pilkington ACI, will build Australia's first flat glass making plant at Dandenong, Victoria, costing over \$9m.

Invented by Pilkington, the float process is now licensed to 18 manufacturers in 11 countries. In all, the world's glass industry has invested \$300m. in the process and there are 33 float plants operating and 15 more under construction or planned. The new Australian float plant, due to come on stream in 1974, will supply the whole of Australia's requirements for high-quality flat glass.

The decision to build the plant was taken in the light of the fast-growing market for flat glass in Australia. Demand, which stood at 106m. square feet in 1970-71, is expected to reach 135m. square feet in 1973-74 and 160m. square feet in 1978.

A medium-sized plant, the new facility will produce 4.5m. square feet of 4-inch thick glass a week. Apart from serving the Australian market it will service demand in Japan and other Far Eastern countries.

The new company will absorb AWG Holdings Pty, which makes sheet and rolled glass, and Pilkington Brothers (Australia) Pty, which manufactures safety glass. It will employ 2,000 people in seven plants, with assets employed exceeding £23m.

Funds for the venture will be provided by ACI and Pilkington and by private borrowings in Australia and overseas. There will be no public share or debenture issue.

Voting control

ACI will hold a small majority of the issued capital of the new company. There will be two classes of shares and Pilkington will hold a small majority of the voting shares.

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Pilkington also has a sales agency in Australia, which will continue to serve customers with imported glass.

The British and Australian concerns have one other joint venture, New Zealand Window Glass, which makes sheet glass at Whangarei, North Island, New Zealand.

Mr. Denis Sargood of ACI, is chairman designate of Pilkington ACI, and Mr. Geoffrey Iley is managing director designate. Mr. Iley was previously managing director of Triplex Safety Glass in England.

Oil companies meeting soon to discuss unity on OPEC demands

BY ADRIAN HAMILTON

REPRESENTATIVES of the international oil companies are expected to meet again in London towards the end of this week to develop a common front in face of the latest producer country demands for participation in concessions and higher revenues.

The meeting follows similar discussions in New York earlier this month, when the companies agreed to co-ordinate their reactions to the Organisation of Petroleum Exporting Countries' resolutions on the two issues.

Clearance has now been gained from the U.S. Department of Justice, as in the OPEC negotiations earlier this year, reassuring the industry that concerted action on its part will not run foul of anti-trust legislation. The companies are also thought to have agreed a mutual aid programme in case of supply cut-offs.

No formal approach for negotiations has yet been made by any of the producing countries and until this happens, discussions within the industry will remain preparatory.

One particular issue likely to be raised in London is the need for a common approach to the question of the compensation terms under which the producer countries are expected to buy into a share of production.

While the countries are believed to be considering offering compensation on the basis of net book value of assets, the companies are likely to insist that they also take account of expected earnings levels.

They are also concerned about the "buy-back" price at which they may be asked to purchase the host country's share of production, once participation has been effected.

The advantages of a united approach to the question of the effect on host country earnings, is also believed to have been made apparent in the New York meetings of the companies.

The fall in the purchasing power of the dollar has had wide spread implications for the producing countries, which base their oil income on the dollar. A dollar posted price for crude oil exports.

Its impact, however, has differed widely between individual countries. Payments to many of the Gulf countries continue to be made in sterling on the basis of traditional IMF exchange rates and the oil companies are concerned in case any simplified solution upsets the present price stability of crude oil.

At Sotheby's Belgrave, a sale of silver (1825-1910) realised £22,953. Levine gave £1,150 for an 83 oz. early Victorian dressing table mirror with silver-gilt mounts and with the initial "S". Greek 1518.

At Sotheby's Bond Street, the second session of a two-day sale of printed books, Hebrew manuscripts and autograph letters realised £24,152, making £24,413.

Quaritch gave £1,400 for Erasmus's *Notum Instrumentum*, the earliest published edition of the New Testament in Greek 1516.

Eighteen letters by Napoleon fetched a total of £1,280, the highest price being £350 paid by Percy.

Sotheby's sale of English pottery and porcelain realised £14,365. Jenkinson gave £1,050 for a pair of Derby figures of chamois and Balle £780 for a slipware press-moulded dish.

At Phillips's a sale of furniture, etc., totalling £23,264. Two 18th century Dutch marquetry bureau cabinets went for £1,800 each to Alexander and to Antonacci, and a single 19th century Viennese enamel horn cup to Great Britain and Malta at £1,250 and a pair to Greece for £1,350.

A Trianon press Jerusalem by William Blake went for £400 to Wolfers, and Blake's *Illustrations of Book of Job*, edited by Binyon and Keynes for £380 to Simpson at Phillips's £11,219 book sale.

A two-day sale of stamps of Great Britain and Malta at Harmer's concluded with a total of £43,672. An engraver's proof of the 1840 one penny die fetched £2,000 (against an estimate of £200 to £400).

Reckitt to close Carlton cannery

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

RECKITT & COLMAN is closing where the group intends to centre its production operation in this field.

Canning at Peterborough ended in August and the group has decided it would be impossible to justify alternative activities for the works to supplement the continued production of Gale's honey and preserves.

The decision to transfer to Norwich is a further step in the rationalisation on Norwich of the food and wine interests of

the Reckitt & Colman group's food division.

Mr. Alfred Avison, district secretary of the Transport and General Workers' Union, said yesterday that the closure was not unexpected, because of a general decline in the food industry over the past few months. Nevertheless it was particularly disturbing that the Peterborough factory should close down at a time when unemployment in the area was at its highest since the 1930s.

Key workers are being given the chance to move to Norwich.

Most dismissals are expected to take place in the spring of 1973.

Reckitt & Colman also has a sales agency in Australia, which will continue to serve customers with imported glass.

The British and Australian concerns have one other joint venture, New Zealand Window Glass, which makes sheet glass at Whangarei, North Island, New Zealand.

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COMPANY NEWS + COMMENT

Cape Asbestos up 18% in first half

GROUP PRE-TAX profits in excess of the £2,535,000 for 1970 are indicated by the Cape Asbestos Company for the current year.

First half profit expanded by 18 per cent, from £1,185,000 to £1,401,000, and while present conditions make forecasting exceptionally difficult, indications are that this improvement should be maintained for the remainder of the year, the directors state.

Exploration in the Prieska area continues but there are no results of significance to report.

The interim dividend is maintained at 7½ per cent. A total of 27½ per cent was paid for 1970.

Turnover 1971 1970 1969
£2,744,000 £2,535,000 £2,535,000
£2,744,000 £2,535,000 £2,535,000

Profit after tax 1971 1970 1969
£1,401,000 £1,185,000 £1,185,000
£1,401,000 £1,185,000 £1,185,000

Dividend 1971 1970 1969
7½ per cent 7½ per cent 7½ per cent
7½ per cent 7½ per cent 7½ per cent

A breakdown of turnover and products sold to building and construction industries (1970-71): £1,185,000 (1970-71) and £1,185,000 (1970-71).

Mr. R. H. Dent is chairman.

comment

Cape Asbestos's 18 per cent jump in first-half pre-tax profits reflects a substantial recovery on the building products side following its recent reorganisation.

The automotive and mining supplies sectors also made progress and the only problem now seems to be the engineering division which is suffering from a fall in export sales.

There are further benefits in coming from the reorganisation and demand in most areas is currently buoyant, so the target of £2,950m pre-tax for the year seems well within reach. Thus, the shares at 14½p on prospective p/e of 13.8 could still be fairly attractive.

Midway rise for Warner Estate

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INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Bentalls	26	3	Harrisons and Crossfield	26	6
Border and Southern	26	6	Higsons Brewery	26	5
Bridport-Gundry	24	6	Hill (C.) of Bristol	26	7
Bristol Merchant	25	6	Hill Samuel	25	6
Brooks Ventilation	26	4	Low and Bonar	26	5
Campbell and Isherwood	26	8	Minet Holdings	26	3
Cape Asbestos	24	1	Palace and Derby	26	4
Consolidated Commercial	26	3	Pritchard Cleaners	24	4
Consolidated Trust	24	6	Ricardo (Engineers)	25	7
Construction Holdings	24	5	Rye (Claude)	24	2
Conversion offer	26	6	Shaw (R. G.)	25	7
East Asiatic	26	5	Tern-Consulate	24	3
English and Overseas	26	8	Warner Estates	24	1

dividend of 3.25p, paid on a pre-tax profit of £380,414.

comment

In lifting 1970-71 pre-tax profits by 51 per cent, Claude Rye has beaten last April's forecast by 10 per cent, but even this was not enough to satisfy the market after the recent price strength and the shares slipped 7½ to 88p yesterday.

Despite the ending of the bearings shortage this division has continued to be the profits dynamo though vehicles (just under 40 per cent of total sales) increased its contribution to roughly £100,000, against only £5,500 previously, on the back of an improvement in contract hire.

The upshot is earnings of 11.3p (compared with only 2.3p two years ago) and a p/e of 8.6 at 98p. However, the group appears confident that the higher level of profitability can be maintained and a sizeable amount is being spent on expansion with a five-times dividend cover at present.

comment

At least 15% from Tern-Consulate

Acquisitions of 1970 not in the first half of that year and acquisitions new to 1971 aggregate in this first half of 1971 to account for approximately £30,000 of the profit available to holders.

As from March 29, the group has been benefiting from the acquisition of Crothall (U.K.), the English subsidiary of a leading hospital cleaning and ancillary service organisation. The price, payable in cash, will not exceed £300,000 and only then provided that profits after tax exceed £40,000 for the year ending March 28, 1972.

Pritchard has agreed to a minimum price, subject to certain warranties, of £210,000.

There were considerable inflationary pressures in the first half, particularly in the U.K. The reduction in SET will, at least in part, alleviate this situation. Along with this and the absorption of acquisitions, continuing development, reorganisation and training costs, the result is considered satisfactory and more

comment

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optimistic view for the ensuing year.

comment

Tern-Consulate's first half performance suggests that the group is finally getting the pay-off from the reorganisation and rationalisation which followed the 1968 setback.

In 1968 the group moved into the field of women's clothing, but this ran into losses of £187,000. Profits remained depressed until last year when the first signs of a pick-up started to show through, reflecting the group's concentration on its traditional side and its recent move towards more modern shirts and ties. The second half is usually the more profitable taking in the run-up to Christmas so the group might be capable of returning say £175,000 pre-tax overall. At 51p that implies a prospective p/e of 6.7, which gives the shares a firm re-rating base if Tern can keep moving forward.

comment

At least 15% from Tern-Consulate

Acquisitions of 1970 not in the first half of that year and acquisitions new to 1971 aggregate in this first half of 1971 to account for approximately £30,000 of the profit available to holders.

As from March 29, the group has been benefiting from the acquisition of Crothall (U.K.), the English subsidiary of a leading hospital cleaning and ancillary service organisation. The price, payable in cash, will not exceed £300,000 and only then provided that profits after tax exceed £40,000 for the year ending March 28, 1972.

Pritchard has agreed to a minimum price, subject to certain warranties, of £210,000.

There were considerable inflationary pressures in the first half, particularly in the U.K. The reduction in SET will, at least in part, alleviate this situation. Along with this and the absorption of acquisitions, continuing development, reorganisation and training costs, the result is considered satisfactory and more

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Pritchard Cleaners confident

FIRST HALF group pre-tax profit of Pritchard Cleaners (Holdings) increased from £220,000 to £275,000 and, with preliminary results for 36 weeks to hand, the directors are confident that the full year's figure will exceed the £249,126 for 1970.

An unchanged interim dividend of 10 pence is declared. The 1970 total was 30 pence.

comment

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The interim dividend is maintained at 1½ per cent. For the year ended March 31, 1971, there was a total

profit of £104,158, compared

Ulster opposition opens its "parliament"

BY JOHN GRAHAM

BELFAST, Oct. 28.

THE ASSEMBLY of the Ulster People's Party, which held its opening session at Stormont, Belfast, this afternoon, is the first of its kind in the history of the province. The assembly is composed of representatives from the Ulster People's Party, the Social Democratic and Labour Party, and the Ulster Unionist Party. It is a significant step towards the establishment of a new political framework for Northern Ireland.

Mr. Faulkner said he was not specifically attacking those politicians who are boycotting the Stormont. He stressed that his Press conference that afternoon was a protest against the Government's refusal to accept the proposals for a new political system. He went on to lay down three points on which his Government is unable to admit of any compromise. These are:

- 1—The maintenance of Northern Ireland as an integral part of the U.K.
- 2—The preservation of the processes of democratic government as represented by a democratically elected Parliament.
- 3—Absolute firm and unequivocal resistance to "all and sundry" organisations seeking to advance political or economic causes in Northern Ireland by violence or coercion.

"Too little and too late"

BY DOMINICK J. COYLE

DUBLIN, Oct. 28.

ALTHOUGH there has been no immediate detailed reaction by the Government here to today's consultative document forecasting Parliamentary reforms in Northern Ireland, many Ministers are known to consider the proposals as being "too little and too late".

More interesting

This verdict is, in fact, based on two distinct elements not directly related to the actual proposals as such. First, the Government's view is that the abolition of Stormont and the introduction of a new political system through a single transferable vote, and enlargement of the House of Commons.

APPOINTMENTS

Senior post at Smiths Inds. for Mr. Sisson



Mr. E. R. Sisson

Mr. E. R. Sisson is to become deputy managing director of SMITHS INDUSTRIES from November 1.

He joined Smiths in 1955 as technical services manager of the Aviation Division and was made a divisional director of the company in 1967 and general manager of the Aviation Division in 1968. Since 1969 he has been a director of the company responsible for the Aviation Division and for Kelvin Hughes.

Mr. Trevor C. Standeven, who became managing director of United Dominions Trust (Commercial) at the beginning of this month, has joined the Board of the parent company UNITED DOMINIONS TRUST.

Mr. Leonard Maddock is to retire as deputy managing director of COOK AND SON on October 31.

Mr. Talbot Haloselt has been appointed chairman of TALKING PICTURES (Hainault and Greaves) Ltd. Mr. Tom Hudson succeeds him as managing director.

Mr. J. E. James has retired as technical director of SNOWDRIFT Ltd. Mr. J. A. Lumsden, who has been a member of the Board of the parent company CENTURY OIL GROUP.

Mr. Peter C. Fear has been appointed technical director (Marketing) of BDVIS FEE CONSTRUCTION, a member of the parent company TAYLOR WOODROW.

Lord Hughes of Hawkhurst has been appointed a director of BECKMAN INSTRUMENTS. He succeeds Mr. J. A. Lumsden, who has resigned from the Board to reduce his commitments following his appointment as chairman of Burmah Oil Company.

Mr. J. B. Mackinlay has been appointed to the Board of W. VINTEN.

Mr. Raymond H. Roebbe has been appointed deputy manager of the Société Générale, London. Mr. Roebbe joined the bank in London in 1952 and became a sub-manager in 1967.

Col. D. G. N. Lloyd-Lowles has relinquished his position as a director of BRITISH ENGINEERING CORPORATION from October 31, following his decision to take up permanent residence abroad.

Sir Max Bemrose has been appointed president of the BRITISH FEDERATION OF MASTER PRINTERS in succession to Mr. W. Val Curtis who resigned last month for business reasons. Sir Max will serve as president until the annual meeting in May next year.

Mr. Peter Zentner, an authority on Eastern Europe and West Germany, has joined WYVERN EXPORT PROMOTIONS and will be responsible for sales and marketing in those two areas.

Dr. Erik B. Gasser has been appointed to the Board of ANDREWS-WEATHERFOIL, a member of the Powell Duffryn

Group. He takes charge of the company's northern division.

Mr. Hugh White, Mr. Eric Whalley and Dr. Dennis Layne have been appointed to the Board of ARMSTRONG EQUIPMENT. They are all directors of the main subsidiary Armstrong Patents Company.

Mr. James Nuttall has been appointed a director of DUNDEE PERTH AND LONDON SECURITIES. Mr. Peter S. Jones has resigned from the Board.

Mr. V. L. Cain, managing director of L. CLIFTON AND SONS has been appointed to the Board of the Austin-Hall Group, of which Clifton is a member.

Professor Roland Smith has been appointed to the Board of the NATIONAL BUS COMPANY as a part-time member. The appointment is for three years at a salary of £1,000 a year.

STOCK EXCHANGE PARTNERSHIPS

Mr. A. S. Doak has been admitted to membership of the STOCK EXCHANGE. He will be associated with the firm of STONE DOAK AND CO., Dublin.

Mr. David Sachs has retired from his partnership in ROWE SWANN AND CO., brokers, and will be joining the Board of Guinness Mahon (Zurich) AG.

Ilford Board reconstituted

THE PHOTOGRAPHIC business policy of CIBA-Geigy Ltd. to be centred around ILFORD LTD. to co-ordinate the international photographic activities of CIBA-Geigy, which is comprised of CIBA-Geigy Photochemie AG, at Fribourg, Switzerland, and Ilford, and the photographic interests of Greta AG, Regensdorf. The Ilford Board will be reconstituted as follows: Lord Harvey of Prestbury (chairman), Dr. V. Platta (president), Dr. A. J. D. Asford (executive deputy chairman), Mr. G. A. Jones and Mr. H. R. Hug (joint managing directors), Mr. J. E. Duffy, Dr. W. Lustenberger, Dr. E. Messikommer, Mr. A. S. Rae, Dr. H. Schrammek and Dr. N. Tarkay.

The executive committee of the Board will consist of Dr. Asford (chairman), Mr. Duffy, Mr. Jones, Dr. Lustenberger, Dr. Messikommer and Dr. Tarkay. The international co-ordination of research and development, production and marketing will be established by Dr. Asford, Mr. Jones and Mr. Hug respectively. Liaison with the parent company will be maintained by Dr. Tarkay. Dr. Messikommer will retain responsibility for the management of CIBA-Geigy Photochemie AG, Fribourg, and Dr. Lustenberger for Lumière S.A., Lyon.

The photographic activities will be represented on the executive committee of the parent company by its chairman, Dr. Platta, vice-chairman of CIBA-Geigy AG, Basle.

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Annual Statements—Continued

CONSOLIDATED SALAK RUBBER

The 18th annual general meeting of Consolidated Salak Rubber Estates, Limited was held on October 26 in London. The following is an extract from the circulated statement of the Chairman, Mr. H. B. Hussey, J.M.N.:

Although profits in 1970-71 fell somewhat short of the record results attained in the preceding year, they are in fact the second highest realised since the Company's incorporation. This result, in a year of generally disappointing rubber prices, is considered to be most satisfactory.

The Group Profit for the year before Taxation was £362,249 which compares with £150,271 for 1969/70. The Directors recommend a total dividend of 20%.

Once again crops came in well and the harvest of 11,478,000 lb. was 338,000 lb. in excess of the estimate. The forecast crop for 1971/72 has been placed at 17,605,000 lb. and at the end of August we were 315,000 lb. ahead of the proportional estimate.

Outlook: The prices of most similar organisations profits for 1971/72 must fall below the level attained in the year under review. Nevertheless I am not despondent. The continuing strength of the Sole Crepe market must cushion the anticipated profit fall and the substantial sums placed to reserve in the last two years will permit a fuller distribution of profits in the current year.

Scot-Brandt Pension Services set up as joint venture

MICHAEL BLANDEN

BRANDT'S, the merchant bank, is linking with Scottish Life in a joint venture to provide pension services for running a pension fund. The joint venture is being set up as an equally owned company, Scot-Brandt Pension Services, to provide a pension management service. Bringing together the investment skills of the merchant bank and the insurance company's experience in the technical management of pension schemes, it is expected that the joint venture will be a gap between the normal managed pension schemes and the more complex and costly services provided by insurance companies.

It was explained yesterday that from the insurance side the venture will enable Scottish Life to offer its clients a more flexible approach to pension management, through a unitised investment fund managed by Brandt's. On the other side, it offers Brandt's the opportunity to build up its developing investment advisory services in an area which many merchant banks are trying to develop.

The joint venture, it was pointed out, involves no major commitment of capital or staff, and does not conflict with the existing services offered by the two companies. It is claimed that the joint venture will be the first time that the pension

administration services of a life office have been made available combined with the investment expertise of a merchant bank, and is seen as a particularly timely venture in view of the major expansion of occupational pension schemes foreseen under the Government's recently announced plan for pensions.

Charges for the service will be in two parts. Those for administration of schemes will normally be based on the contribution income—11 per cent a year, plus a membership charge of £1 per life. Charges for investment management will be related to the size of the fund, ranging from 1 per cent under £1m. to 1.5 per cent over £10m.

Old lift lunsterston scheme study

ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

GLASGOW, Oct. 28.

STUDY for the development of a new lift system in the Clyde at Hunterston, in the Clyde, is a deep-water port (Development and Industry) associated industries, is to be undertaken jointly by the Clyde Economic Institute and Professor Colin Buchanan.

The study, which is to cost £125,000 and paid for by the Hunterston Development Company and partly by the Government, is expected to be completed by the end of May.

Hunterston Development Company was formed last month. It is a joint venture of H. H. Stenhouse, head of the Glasgow-based insurance company, and the Clyde Economic Institute (Govan Shipbuilders) as development.

The directors include Mr. McCrae, chairman of the Clyde Economic Institute, and Mr. Stenhouse, who has already assembled a body of data on the area and now has a steering group working on it) and with the Scottish Council (Development and Industry) team which has been at work for over two years on its Oceanspan study, publishing its second report last week.

Mr. McCrae was, however, at pains to point out that this new study will be one specifically aimed at attracting private and Government investment in the Oceanspan which is a concept for the linking of the Atlantic continents with Europe using the industrial belt of Scotland as a land base.

He added that a "green field" integrated iron and steelworks, at present under review by both the Government and the British Steel Corporation, while desirable in itself for the future of the industry in Scotland, was not the linchpin on which development at Hunterston depended.

Vauxhall Bridge plan for extra traffic lane

FINANCIAL TIMES REPORTER

VAUXHALL BRIDGE will get an extra traffic lane under a £550,000 scheme to be submitted to the Greater London Council next Tuesday.

Footpaths on either side of the bridge will have to be reduced by six feet to nine feet to create six lanes instead of five. To compensate for the extra weight of traffic, the cast-iron parapets on the bridge will be lowered from eight feet to four.

Such work would have no adverse effect on safety and would improve the appearance of the bridge, said Mr. Richard Brew, chairman of the GLC's environmental planning committee.

Before the scheme can go ahead

Many companies "doomed in next decade"

ONLY very large and very small companies are likely to survive into the 1980s, a conference was told yesterday.

"Within 10 years there will be very few firms that can produce a product effectively to sell in a market smaller than Europe," Mr. Colin Macey, general manager of W. D. and H. O. Wills northern division, told a Northumberland and North Durham industrial mission conference at Stanley, Co. Durham.

"Within the next two decades I would be surprised if there were more than a dozen manufacturers in the world—certainly not more than two in this country."

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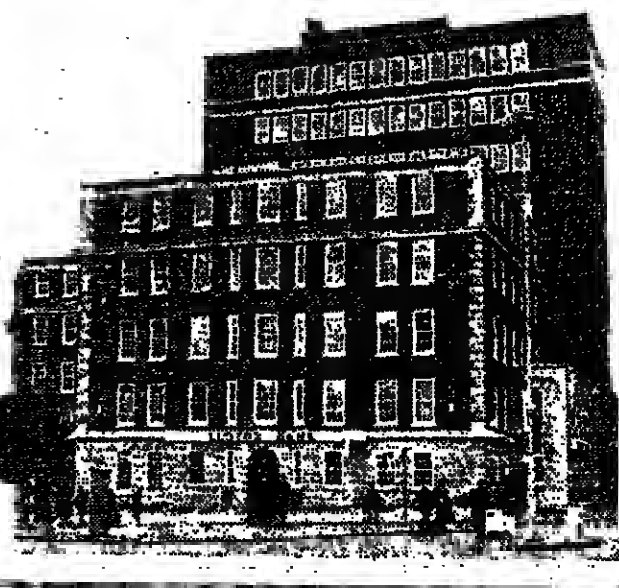
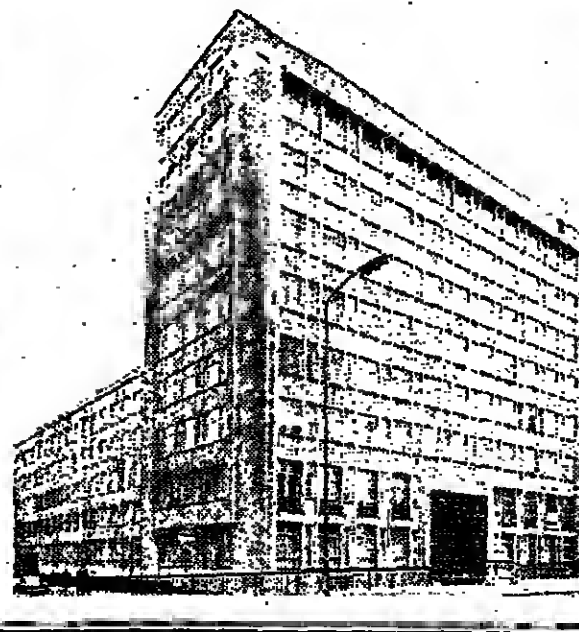
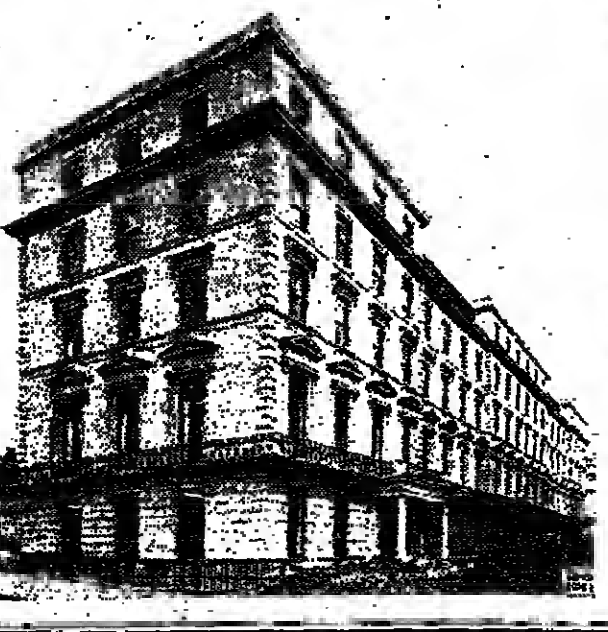
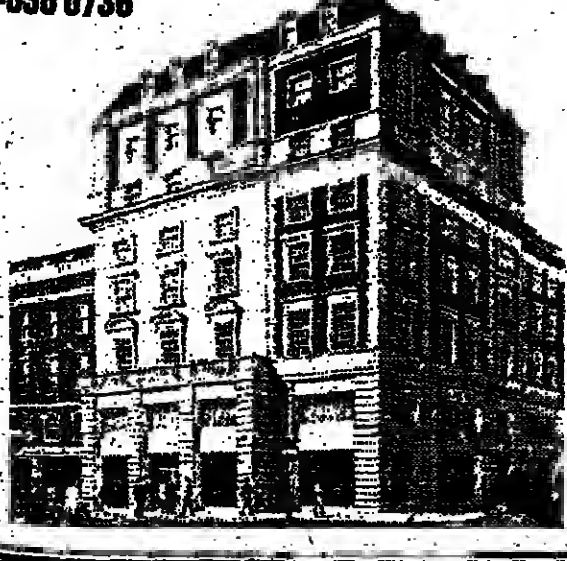
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Tourism chief tempers enthusiasm with caution

By ARTHUR SANDLES

SIR ALEXANDER GLEN, chairman of the British Tourist Authority, unveiled the annual report to-day with a mixture of enthusiasm and caution—enthusiasm because of the continued growth of Britain's £572m. tourist industry and caution about the future.

The report covers last year, when the U.K. had 6.73m. tourists from abroad, an increase of 16 per cent. on 1969. Earnings (£572m.) were 17 per cent. up. "In 1970," says the report, tourism was "our fourth highest export and our largest single source of U.S. dollars." Tourist spending (£1.5m. a day) added up to 5 per cent. of U.K. export earnings.

The report analyses in some detail the work of the BTA which is heavily concerned in the global promotion of Britain as a tourist country. It suggests that the greatest potential growth area for recruiting tourists is Japan. In the last three years the number of Japanese tourists has risen from 37,400 to 25,500.



Sir Alexander Glen

Improved share

Tourists, says the report, came not only in summer but in winter, too—as many of them in the six winter months as in the whole of 1960. And they travelled more widely throughout Britain than ever before. Some 3m. visitors came from Western Europe, 2m. from North America. For the first time Britain received more than 1.5m. visitors from the U.S.

"With all these visitors from overseas, Britain once again improved her share of the world

tourist market," comments the report. "Western Europe and North America attract 80 per cent. of the world's tourist trade and on every count—growth in total tourist arrivals, number of tourist nights, tourist spending—Britain did better in 1970 than most other countries."

"Even more tourists will come to Britain in 1971—almost 8m. of them. Their spending for the year, including fares, should total £525m. Most of them, as last year, will come from Western Europe and North America, and the largest proportionate increase

will again be from Japan."

But the report says that continued success is not to be taken for granted. The massive investment in hotel accommodation, if it is to show much profitability, will require 10m. overseas visitors by 1976.

"Above all," warns the report, "we must not take the growth in our tourist trade for granted. We must never forget, as some of the classic tourist countries of Europe were in danger of forgetting, that tourism is a highly competitive market."

Devaluation helped

The report argues that Britain's recent record growth in tourist traffic was materially helped by devaluation. Nonetheless, the British Tourist Authority is convinced of the quality of the country's national attractions, its scenery, and its tourist product in cuisine, history, countryside and sport. But it has been a great help to offer it to the world market at very competitive prices.

Now, not only are the competitive advantages of devaluation wearing off, but there is every likelihood with rising costs that the combined effect of these factors will be to reduce the attractiveness of the country to tourists.

"Never, therefore, has there been a clearer need than now to promote this country hugely overseas, and encourage the world to come to Britain."

The report also contains comments on occasional overcharging by hotels—"irresponsible action of a few" and the need for more cash for the BTA to help its research.

Mersey sugar berth strike continues

THE unofficial strike at the bulk sugar berth at Huskisson Dock, Liverpool, which has already lasted 12 days, continues, but the 33 process and maintenance men involved could meet to-morrow when they arrive to collect their pay.

The men, employed by the Huskisson Transit Company, a subsidiary of Tate and Lyle, claim an extra 25p an hour which, they say, would bring them up to the terms for dockers under Stage 2 of the Devlin modernisation scheme.

Meanwhile the two sugar boats being unloaded when the strike started have sailed from Mersey only partly discharged, and a newly arrived boat is standing idle at the quay, with two more waiting in the dock system.

IR Act's role in firemen's union row

By ALEX HENDRY, LABOUR REPORTER

THE 30,000 strong Fire Brigades Union could be the first TUC member to be challenged by a breakaway organisation using the Industrial Relations Act to try to gain bargaining rights.

The breakaway organisation, the London Firefighters Federation, has applied to become a registered trade union. It is now on the new provisional register, set up under the Act.

Mr. James Currie, the general secretary, said: "We have launched a recruitment campaign and hope eventually to seek a sole bargaining agency for London firemen, or become members of a joint negotiating panel."

One-third

The Federation claims between 1,300 and 1,400 members in London, just under one-third of the total number of firemen. The Fire Brigades Union, which has recognition, claims 3,000. The FBU would have no redress, as it has against another TUC member under the TUC's Bridlington Inter-union agreement, if the Federation's recruitment campaign succeeded in "poaching" members from the FBU.

The support among London firemen for the Federation is difficult to assess, but it is significant that the FBU has launched an internal inquiry into the breakaway group. The inquiry is not yet complete but the emergence of the Federation shows that the union's earlier attempt to prevent a split has not been successful.

The first hurdle for the new Federation is to satisfy the registrar that it qualifies for transfer from the FBU to the new provisional register. The registrar will have to be satisfied that it is, among other things, an independent organisation of workers.

Once on the permanent register the Federation could then begin its battle for recognition using all the provisions of the Act. The Fire Brigades Union, which has written to the registrar asking to join the new register, which is TUC policy, would be excluded.

But it would not be plain sailing for the Federation which would be seeking bargaining recognition for its members in London.

The local authority is the Greater London Council, which is a member of a joint council, the Fire Brigades Union and the National Association of Fire Officers, which negotiates nationally on wages and conditions for firemen.

It is unlikely that the GLC would willingly withdraw from the national machinery in order to negotiate with the Federation at local level. Last year, before the Act, a breakaway ambulance men's union was refused recognition and an independent tribunal supported the GLC decision.

The Federation's claim, having passed through the Industrial Relations Commission, is now before the Industrial Relations Tribunal. It is open to the CIR to recommend in favour of an unregistered union, such as the FBU, but the recommendation could not be enforced by the Industrial Court if the FBU remained unregistered.

It is unlikely the registrar will take the six months allowed by the Act to decide whether the London Firefighters Federation meets all the requirements for transfer to the permanent register. He could reach a decision fairly quickly.

The Federation is pressing ahead with its recruitment campaign. Mr. Currie said: "We are not fighting with the Fire Brigades Union. Ours is a young union aimed at unification of the London Fire Brigades. We are circulating a letter to all London firemen telling them that we think it is the choice they have to make and setting out our assessment of the FBU's record in London."

Fuel oil shortage threat from drivers' strike

By ROY ROGERS, LABOUR STAFF

MANY FACTORIES, blocks of flats and homes in London and the Home Counties face a shortage of fuel oil as the result of a 10-day unofficial strike of tanker drivers employed by Charrington Gardner and Lock.

Some 200 drivers at the company's five depots at Corydon, Essex; Poplar; Wandsworth; Beckenham; and Brixton, Surrey, and Brixton, Surrey, walked out on October 18 in protest at the company's plans to increase the amount of shift working.

To date they have rejected moves by management and their union leaders to secure a return to work to allow talks on the issue. They are understood to be seeking improved shift payments but the company is loth to go outside its basic rate of £2.25 for 40 hours, with a 15 per cent. allowance for two-shift working or 20 per cent. allowance for three-shift working. Drivers who work nights receive only a 5 per cent. allowance.

A company spokesman said last night that a peace formula acceptable to the FGWU had been rejected by the shop stewards. If the stoppage continued he could see some factories in the London area having to shut down temporarily for want of fuel oil. Central heating in offices, schools and homes could also be affected, he added.

"TV gave boost to Press"

By SHEILA BLACK

TELEVISION was the best thing that had ever happened to newspapers in Britain, said Mr. Percy Roberts, managing editor of the newspaper division of the International Publishing Corporation, Daily Mirror, for example, had a home-delivered sale of 4.45m. copies, of which a fifth arrived in homes after the "man of the house" left it.

He added that there was need to speed money on research, as his own company did. He also emphasised the need to cater for the young, the readers of the future. Mr. Roberts said that in the magazine field the rest of the world would behave predictably after what was happening in America to-day. The American magazine industry, only some three generations old, already distributed 5,000m. periodicals a year at more than £1,000m. turnover.

However, costs were rising fast. Since 1950, paper had increased by 32 per cent. Printing costs were up 15 per cent. The second-class postage has been increased by

192 per cent. By contrast, magazines were charging the buyer 42 per cent. more for subscription contracts, and 49 per cent. more for magazines bought at newsstands. Advertising rates had risen during the same period, by only 53 per cent.

Falling profit rate

Although no completely industry-wide figures were available, the Magazine Publishers' Association members reported annually to their association. The response rate was high. From 1963 to 1964 inclusive, profit margin was 3 per cent. By 1965, on a combined gross income of £1,000m., the reporting magazines of the association made a 4 per cent. profit.

In 1966, that came down to 3.9 per cent., then went down again to 3.1 per cent. in 1967 and to 3 per cent. in 1968. By 1969, the figure was 1.5 per cent. profit.

See also Page 22

Tanker tank cleaning must be done safely

By James McDonald

MORE knowledge about oil tanker tank washing and its possible explosive effects had been gained from world-wide research since the three large tanker explosions at the end of 1969 than existed before, Mr. William O. Wiley, supervisor of research at Texaco's Richmond research laboratories, said in Brighton yesterday.

Mr. Wiley, in a paper to the three-day Tanker Safety Conference, stressed that much remained to be done and that the work was continuing. But no 100 per cent. answer had been found to the supertanker explosions.

The conference, sponsored by the International Chamber of Shipping and attended by 30 delegates from 23 countries, ends to-day.

Pollution

"Growing concern with pollution will probably affect future tanker operating procedures to a significant degree. However, for the foreseeable future at least, there will be a requirement to clean large tanker cargo tanks. This cleaning must be accompanied by safety and without pollution," said Mr. Wiley.

Experience had shown that the most efficient means so far available of cleaning cargo tanks was the use of high-volume water jet machines, he added. But research and experience "has shown that the unrestricted use of such machines in an uncontrolled tank atmosphere may be hazardous."

Although research was still continuing, "there are several acceptable means available for controlling the tank atmosphere. These mostly involve either a 'lean' atmosphere or an inert atmosphere. Individual operators can determine the approach which best suits their needs."

Research concerning possible ignition sources, he said, had indicated "some form of electrostatic discharge as being the most probable cause for the 1969 explosions. Work in this area is still in progress, and procedures which allow prompt removal of the charge build-up in tanks during washing operations are being tested."

Big pay claim by colliery supervisors

By Alex Hendry

THE NATIONAL Coal Board, threatened with an overtime ban and possible strike action because of its 7 per cent. pay offer to miners, faces another heavy wage demand to-morrow from 23,000 other coal workers.

The National Association of Colliery Overmen, Dapies, and Shottlers is demanding that the new rate should be 10 per cent. above the top rate paid to miners, which is £30 a week.

The pay offer to mine-workers would increase this to £33.75. This has been rejected by the miners, who are banning overtime and working to rule, and halting on whether or not to give the executive authority to call a strike if the offer is not improved.

Joe Crawford, general secretary of NACODS, said last night: "We want to establish the principle that our members, who are supervisors, are worth more than the men they supervise."

INSURANCE UNION TO DE-REGISTER

The national executive of the 35,000-strong National Union of Insurance Workers has decided to ask for the union's name to be removed from the provisional register of trade unions being set up under the Industrial Relations Act.

RIPPON TO VISIT BONN

By Our Foreign Staff

Geoffrey Rippon, Britain's chief Common Market entry negotiator, will visit Bonn on November 2 to give a lecture and to talk with West German ministers. The Foreign Office announced yesterday.

His lecture will be to the Foreign Policy Association and will be entitled "Britain in the enlarged Community." The Minister will meet with include Herr Walter Scheel, the Foreign Minister.

INTERIM STATEMENTS

The Brooke Tool Engineering

Interim Report 1971

The Directors of Brooke Tool Engineering (Holdings) Limited announce the following unaudited trading results for the weeks ended 26th March, 1971.

	26 weeks to 26th March, 1971	26 weeks to 27th March, 1970	52 weeks to 25th March, 1970
Sales	£1,237,433	£1,534,668	£2,782,140
Group Profit before taxation	24,436	12,988	19,840
Taxation	24,436	12,988	19,840
Profit after taxation	0	0	0

There is no liability for Corporation Tax as a result of previous tax losses being brought forward.

The results for the 26 weeks to 27th March, 1970 and for the 52 weeks to 25th March, 1970 include those of T. Harrison & Sons Ltd. and Brooke Tool Automation Ltd.

The results for the 26 weeks to 26th March, 1971 exclude the losses of T. S. Harrison & Sons Ltd., which has now been sold to The George Coker Group Ltd., and of Brooke Tool Automation Ltd., which is being run down prior to closure following the compulsory purchase order served on the Barr premises by Birmingham City Council. The net purchase price for T. S. Harrison after payments under warranties was £680,000. Brooke Tool Automation, which is due to close in January 1972, is expected to incur trading and terminal losses in the region of £80,000 as a result of the run-down, after bringing into account the compensation payable for its compulsory purchase. The trade investment in Coker & Sons Ltd., currently valued at £59,010, is being reviewed and may be necessary to provide about £20,000 for diminution value when the audited accounts for the full year are available.

The Group trading results for the 26 weeks ended 26th March, 1971 are disappointing. At Brooke Tool Manufacturing sales and profits were very satisfactory until the end of January 1971, when the combined effect of the recession in the Engineering Industry, the sales of Brooke Tool Manufacturing have shared the common experience of a number of other Companies within the Engineering Industry, and have been severely depressed. During the period of low sales, which has continued until the present time, costs have been rigorously reduced, resulting in a certain number of redundancies. Buxford Machine Tools Ltd. and Fred White Ltd. have not suffered from the recession.

The Group results for the full year (excluding the substantial losses involved in T. S. Harrison, Brooke Tool Automation and Cardinal Steele) are expected to show approximately break-even position. Despite the disappointing year the Group is in a position to take full advantage of the relaxation of Engineering Industry when it begins. The Board is preparing plans for extensive re-investment in plant and buildings over the next two to three years which will lead to a significant improvement in efficiency.

The Directors recommend that continued restraint exercised and accordingly have decided that no Interim Dividend will be paid.

Dividend 1971 Sir Stanley J. Harley, D.L., Chairman of the Board and Deputy Chairman. Sir Stanley is a past president of the National Federation of Engineers' Tool Manufacturers and of the Geuge and Tool Makers Association.

SPARKHILL, BIRMINGHAM

BRISTOL MERCHANT FINANCIAL

Group Interim Report for the Six Months ended 30th September, 1971

	Six months to 30th Sept. 1971 (unaudited)	Six months to 30th Sept. 1970	Year ended 31st March 1971
Customers' balances receivable	3,647,794	2,606,754	3,041,251
Deferred interest charges	824,314	553,854	652,249
Turnover	2,134,938	1,429,522	2,982,706
Gross income	324,431	235,907	501,009
Profit before taxation	120,170	89,215	192,499
Taxation*	48,500	41,382	78,624
Net Profit	71,670	47,833	113,875

(* Estimate, based on Corporation Tax at 40%—30/9/70—45%)

TRADING RESULTS

Customers' Balances, Deferred Charges and Turnover have all substantially compared with the same period last year. The figure has also shown a very satisfactory increase.

DIVIDEND

The Directors have declared an Interim Dividend of 10% (7½% the Ordinary Share) payable on 30th November, 1971 to shareholders registered on 5th November 1971.

TRADING CONDITIONS AND PROSPECTS

The abolition of Hire Purchase Controls announced in July, followed by the removal of Bank Lending restrictions previously held by "Ceiling" Limits, have resulted in considerably increased competition in the financing of credit. In this climate the Company has to continue its policy of carefully planned and controlled expansion, dealing direct with its customers. Current trading continues buoyant.

CONSOLIDATED COMMERCIAL COMPANY LIMITED

INTERIM REPORT FOR THE FINANCIAL YEAR ENDING 31ST DECEMBER 1971

The Directors report that the unaudited trading results for the Group for the half year to 30th June 1971 were as follows:

	1971	1970
Trading Profits (United Kingdom) (Overseas)	7,499 (199,252)	5,849 (199,252)
Investment Income (Gross)	206,751	100,000
Taxation (United Kingdom) (Overseas)	12,623 (219,384)	12,623 (219,384)
Profits attributable to Minority Shareholders	83,964	68,000
Net Profit attributable to Members	30,331	19,000

An Interim Dividend of 3½% less tax will be paid on 15th November 1971. An Interim Dividend of 3½% was also paid for 1970.

In July of this year the Company acquired a controlling interest in Connaught Optical Investments Limited, a company operating as wholesale and manufacturing opticians, with a consideration of £3,100 (i.e. 5p per share). The Company purchased 62,000 £1 shares including 22,000 £1 shares purchased from Mr. H. A. Bainbridge a Director of the Company. Subsequently loans to Connaught totalling £34,500 (including £22,000 loaned by the Company) were capitalised with the result that the Company now holds 74% of Connaught's issued share capital.

Christmas tree import warning

THE traditional warning against the importation of Christmas trees into Britain was issued by the Forestry Commission yesterday.

For many years the importation of conifers, including the Norway spruce—the traditional Christmas tree in Britain—has been prohibited. The reason for this is that very serious damage could be caused to U.K. lands by the introduction of diseases and pests which exist at present in the forests.

Licences can only be issued in the very rare cases of conifers, including the Norway spruce—the traditional Christmas tree in Britain—has been prohibited. The reason for this is that very serious damage could be caused to U.K. lands by the introduction of diseases and pests which exist at present in the forests.

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BAHAMAS

FINANCIAL TIMES SURVEY

The fall from favour

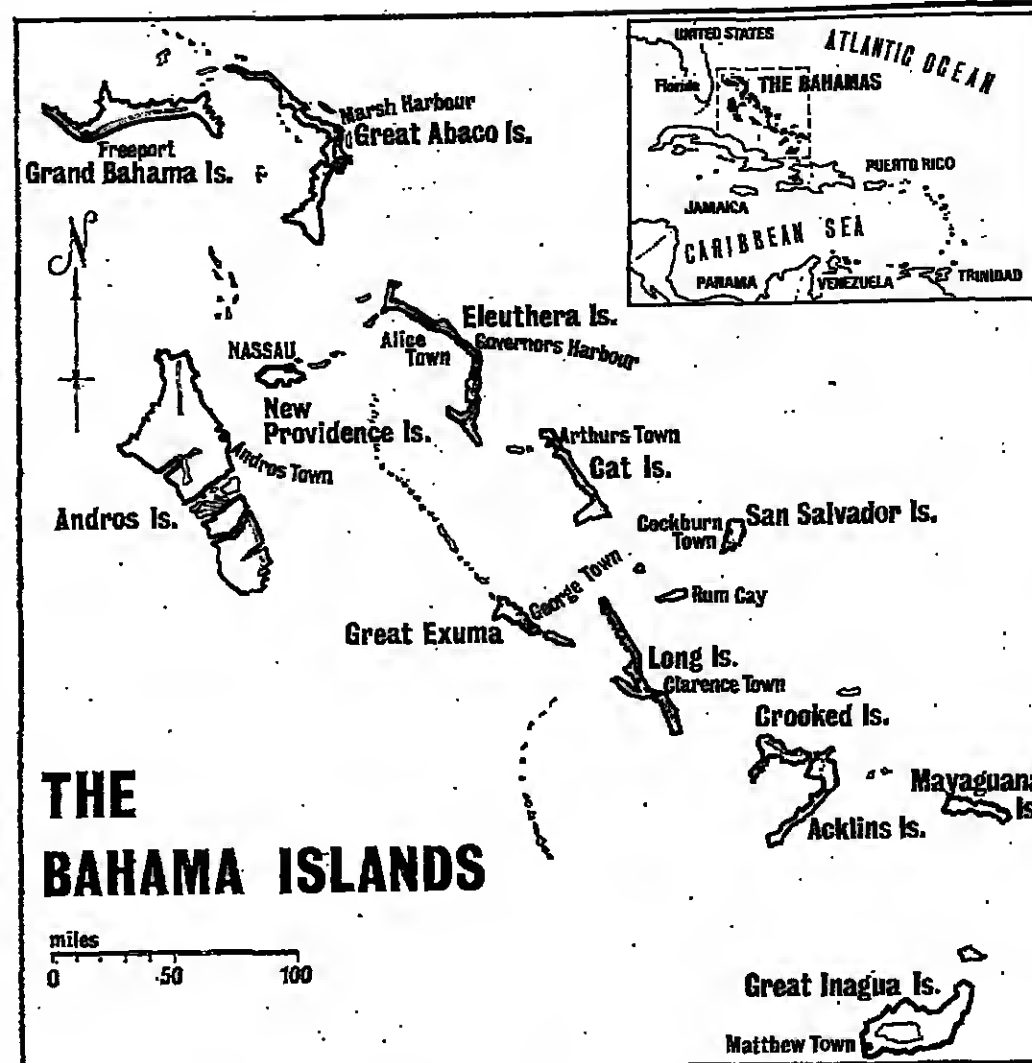
By NICHOLAS COLCHESTER

The Bahamas are currently suffering a downturn in their fortunes that was inevitable following the boom period of the late 1960s. Three years ago the whole world was proud to be these islands' patron. The rich and famous glorified Nassau and in a world investment spree a plot of Bahamian real estate carried the same aura as stock in the hottest conglomerate. Nassau became the world's smartest tax haven. Then the boom ended: those of the international set whose fortunes had remained intact took themselves elsewhere—for they are fickle in their haunts—and what the withdrawal of this glittering tide revealed was an inexperienced Black government trying to assert itself, hoping to create the civil service machinery and develop the diversified economy that it felt was necessary for independence from Britain.

Mr. Lynden Pindling, the Prime Minister, is determined to cut the final ties with Britain by the end of 1973, and this sets a pace that stretches the islands' resources and perhaps even hampers the give and take that is a part of democracy. The ruling Progressive Liberal Party needs capital in prodigious quantities to improve the quality of education, to bring the different parts of the scattered Archipelago together and extend the relative prosperity of New Providence to the outer fringes. It also needs private capital to provide the projects to keep Bahamians employed, and tourist spending to provide tax revenues. But the eyes of those around the world on whom the Bahamas rely for their capital, their tax revenue and their gross national product, are narrowed with mistrust.

Main effect

To the Bahamian the slump has brought the first taste of unemployment since he was subjected to the Bahamas' sudden prosperity. This unemployment has had its main effect on the lower paid worker who forms the backbone of the hotel staffs or of the now woefully dormant construction industry. It may well have caused more localised pain than the unofficial and extremely suspect unemployment figure of 6 per cent. indicates. This is because the fragmented nature of the Bahamas, a series of islands separated by hundreds of miles of sea, ensures a poor level of labour mobility. The exact effect of the 1970-71 downturn on the finances of the Bahamian Government is unfortunately hard to gauge since the Finance Minister, Mr. Carlton Francis, has yet to produce audited expenditure and revenue figures for 1970. He has, however, indicated to the assembly that the revenues for last year are expected to have



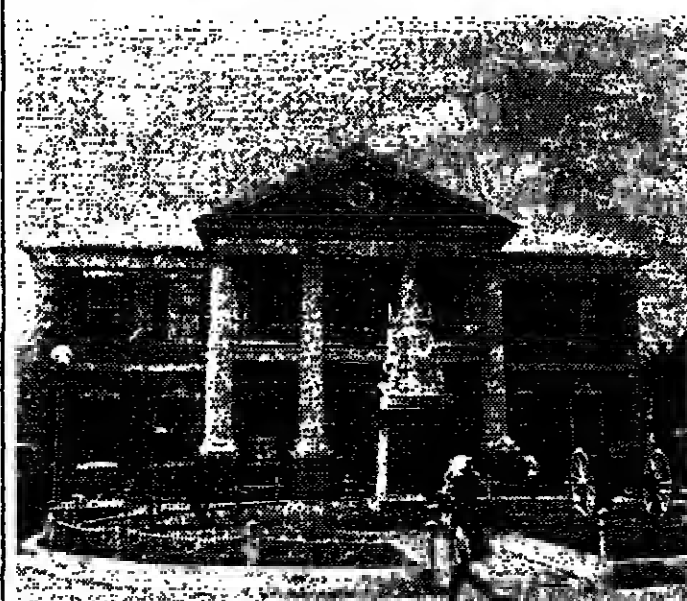
THE BAHAMA ISLANDS

BASIC STATISTICS

Land Area	5,382 square miles
(700 islands, 30 inhabited)	
Population	169,000
Currency: A Bahamian dollar equals a U.S. dollar and is therefore floating against the pound.	
TRADE (1970)	
Imports	£140.4m.
Exports	£ 37.3m.
Imports from U.K.	£ 11.1m.
Exports to U.K.	£ 2.8m.

been some \$13m. short of the budgeted level of \$97m. Expenditure was apparently trimmed to match, although how this was achieved has not yet been revealed. The main cause of the revenue shortfall was the drop in import tax revenues that normally account for about 60 per cent. of the Government's total take. This was, in turn, due to the slump in the Bahamas dominant industry—tourism. The number of visitors to the islands dropped only slightly in 1970—something over 2 per cent.—but their spending dropped by a much greater amount from \$235m. to \$220m. The reasons for this anomaly are explained elsewhere in this survey. Considering the revenue prob-

THE 1971 BUDGET	
Major anticipated revenue:	\$m.
Import taxes and customs duties	63
Real estate tax	2.25
Companies fees	2
Stamp duty	4.25
Immigration fees	2.5
Casino tax	4.5
Total revenue	107.1
Major anticipated expenditure:	
Police	6.9
Servicing public debt	11.2
Education	19
Health	12.7
Works	8.9
Tourism	7
Total expenditure	106.5



The Queen Victoria statue and Post Office building, Nassau.

suddenly lifted from \$8m. to \$15m. The atmosphere of crisis was reinforced around mid-summer by reports that the Bahama Oil Refining Company, based in Freeport on Grand Bahama, had lent the Government \$1m. and that the Freeport casinos had pitched in as well \$2m. of advanced taxes.

It was against this murky background, unclarified by any official explanation by the Government, that Mr. Pindling told the bankers that he wanted them to "get down off the fence and pitch in," give the Bahamians would-be hotel owner the same consideration that a Chicagoan would get and take the lead in developing the Bahamas' fishing resources. "One cannot help but wonder sometimes," said Mr. Pindling, "how many bankers are really concerned with the Bahamas, and how many consider it a financial conduit through which money can be passed for profit."

The Prime Minister has a point; despite the tacit contribution that the Nassau financial community makes to the Bahamian economy, simply by being there, paying company taxes and import tariffs, and supplying employment, and despite the contribution to Bahamian business by the clearing banks (particularly the Royal Bank of Canada), most bankers admit that they probably reap more than they sow in the mild tax climate of Nassau.

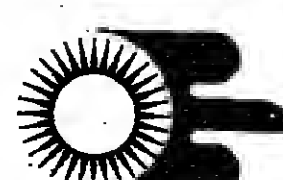
But Mr. Pindling also begs a criticism. Any bank is going to be reluctant to lend money to a Government that has made no report and accounts for 1970 is its debt servicing. This has gone from an annual rate of \$4m. in 1968 to an estimated \$11m. in 1971. At the moment the public debt would appear to be around the \$100m. mark, which a quarter is, in fact, the debt of the Bahamas public utility companies. Rightly or wrongly something of a malodour seems to linger over the Bahamian public debt—rumours of desperate negotiations with reluctant banks. Earlier this year the Government ran into obvious financial difficulties when a West German bank refused to lend it \$10m., even at the fairly punitive coupon of 10 per cent. It seems that this was one of the major reasons why the Government's ceiling for treasury bills was as successfully as the Swiss do their mountains.

The other rapidly rising portion of Government expenditure is its debt servicing. This has gone from an annual rate of \$4m. in 1968 to an estimated \$11m. in 1971. At the moment the public debt would appear to be around the \$100m. mark, which a quarter is, in fact, the debt of the Bahamas public utility companies. Rightly or wrongly something of a malodour seems to linger over the Bahamian public debt—rumours of desperate negotiations with reluctant banks. Earlier this year the Government ran into obvious financial difficulties when a West German bank refused to lend it \$10m., even at the fairly punitive coupon of 10 per cent. It seems that this was one of the major reasons why the Government's ceiling for treasury bills was

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The Financial Times Wednesday October 27 1971

BAHAMAS II

Delicate balance of political forces

NICHOLAS COLCHESTER

Recently a New York industrialist rang up the Bahamian Prime Minister, Mr. Lynden Pindling, and told him that his Board was furious about the poor results of their company's Bahamian operation. The industrialist ascribed these to Mr. Pindling's policies. The Prime Minister replied that his policies were for his own shareholders and that his shareholders were the people of the Bahamas.

This Pindlingesque parable, told recently by the Prime Minister at a rather tense bankers' dinner, illustrates just one of the gates in the political Balom that Mr. Pindling has to run, threatening between the interests of nicely established whites, newly established blacks, would-be established blacks, colonial whites, emotional blacks, and far away investors who have poured enormous sums into the Bahama's shiny holiday and fiscal climate. Mr. Pindling chooses to negotiate this course at full speed with two lieutenants, Mr. Carlton Francis, the Finance Minister, and Mr. Arthur Hanna, Minister of Home Affairs, who complete a peculiarly unmanageable trioka. All three are accomplished politicians; all are apt to fling out explosive phrases that leaves an atmosphere of recklessness in their wake.

This thickened by some spectacular bankruptcies and a deeply hostile Press, has tended to being a political transformation that has taken place in the Bahamas with remarkable smoothness. Without a riot, in only one major political upheaval and in the space of four years, the transition has been made from a white colonial part-time Government to a wholly black democratic government with a well-developed, if still somewhat erratic, civil service machine.

Final ties

Mr. Pindling seems determined to preserve the momentum of this change despite cries of consolidation from both black and white, and despite a largely cynical downturn in the country's fortunes. He is gunning for independence from Britain without delay. A fortnight ago he told the annual convention of his ruling Progressive Liberal Party that the Bahamas would aim to cut its ties with the mother country not later than 1973 and that would go to the polls for a general election on the issue. Barring a major scandal in a political arena that is forever beset with minor charges of embezzlement and political shuffling, and so long as the government survives some short-term financial problems, it seems that the PLP will sail



Prime Minister Pindling.

through the Independence phase without much hindrance. The opposition to the Pindling party is in a state of disarray. The effective opposition is the United Bahamian Party, which has seven members in the house of the assembly out of a total of 38, and is the remnant of the old Government that was so firmly routed by the PLP at the last election in 1968. The UBP's strength lies in the Out Islands of the Bahamas, where the new prosperity has yet to permeate and where the old loyalties are slow to drain away. Its weakness is that it is a white man's party in a country that is 85 per cent black. Five out of its seven members are white, and it must now be too late for the UBP to try and create a seemingly unprejudiced "mixed colour" party with conservative leanings, such as currently rules the roost in Bermuda.

The official opposition is now the eight-strong Free PLP, a group of politicians including four former cabinet ministers which broke away from the Pindling party a year ago. The formation of the Free PLP was the most serious crisis that the present Government has had to weather in its term of office. Spurred by the belief that Mr. Pindling was showing autocratic tendencies in his handling of the country's affairs and that this handling was largely responsible for a decline in tourists and a disenchantment with the Bahamas among international investors, Mr. Cecil Wallace-Whitfield, the (then) Minister of Education, shattered

the PLP's solidarity at its 1970 convention by airing all his fears and tendering his resignation. The convention ended in uproar and was followed by a vote of no confidence in the Government, in which eight PLP members voted against Mr. Pindling, narrowing his margin to 19-15. The eight, at first suspended and now expelled from their party, formed the new official opposition.

Lone voice

The result of this mid-term switch in the official opposition party was a constitutional fiasco in the Bahamian Senate where the Free PLP now has inadequate representation. The Senate is 16 strong, with a controlling block of nine members appointed by the Prime Minister, four appointed by the opposition party, and three by the Governor, Lord Thurlow. The four opposition members are currently UBP men and cannot be removed until there is a general election. One of the Governor's choices has decided to represent the Free PLP in the upper house, but he is a lone voice.

The Senate situation has, to some extent, lessened the effectiveness of the challenge to the PLP but is of small consequence when compared with the way that the opposition in the lower house has now been virtually emasculated. The Free PLP has free them from the influence of the acutely difficult task of persuading the black population unpredictable trio that leads that its heart is with the PLP islands towards their independence as it strives towards black

nationhood, but that it rationally favours the more conservative approach advocated by the White UBP. Because the Free PLP stonily maintains that it is the authentic version of the party that is actually in power, a liaison between itself and the UBP seems extremely unlikely. To break away at all was an act that left the Free PLP with a clinging taint of treason; to associate itself overtly with the UBP would destroy any lingering credibility that the party might have with the black electorate. So the best that the two oppositions seem to be hoping for in the 1978 election is an outcome that will leave no party with an overall majority.

Unknown quantity

All this assumes, however, that the power structure at the top of the PLP is immutable. A lot of speculation is heard about the relationship between the Prime Minister and his deputy, the Minister of Home Affairs, Mr. Arthur Hanna. Who runs whom? To what extent does Mr. Hanna inject radical tendencies into Mr. Pindling's decisions? Mr. Pindling remains a fixed star for a large number of black Bahamians. He is a clever man and orator, a London-trained lawyer from a simple Bahamian background who has risen quickly to power. It must have been very largely his skill and drive as a politician that moved the PLP so forcefully and so smoothly into Government. Yet to the outside world Mr. Pindling remains something of a political chameleon and an unknown quantity. What is the measure of his aspiration? Is he ready to accept criticism from within his own party as to the way that the Bahamas should be run? He would like to see Bahamians appointed to senior positions in the private sector, and yet he has left the posts of Health and Education Minister unfilled within his own Cabinet—a concentration of authority that is open to various interpretations.

At the moment he is doing the best to reassure Nassau's financiers that they are welcome, but behind him lurks Mr. Hanna, whose Ministry's handling of the Freeport immigration clampdown did more than anything else to muddy the Bahamas in the eyes of the financial world. Behind him, too, is Mr. Carlton Francis, a man of deep emotions, who exactly a year ago announced that he would be happy to see the Bahamas reverting to a nation of fishing villages if that would emasculate the Free PLP. So it is an unpersuading black population unpredictable trio that leads that its heart is with the PLP islands towards their independence as it strives towards black

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Good prospects for the cautious property buyer

A Correspondent

In the wisdom of retrospect it is difficult to see how the Bahama real estate boom of the ground in quite the it did. Once the concept taken root of developing parts of the Bahamas as a residential paradise every house is but a throw away from a ship's golf course, a bliss set of tennis courts, a Bahamian waterfront, it has been clear that the time for continuing development was almost limitless. In the past five years investors all over the world have scratched the surface of the island property and have revealed a buyer's market within the existing projects, ignoring the countless of coastline that have not hit the surveyor's rod. There are now estimated to be 500 lots for sale on existing Bahamian developments, one-quarter of the office space is empty, and apartment rents are 1 cent below the highs of late 'sixties, and yields of condominiums are now 12 per cent, compared with their nearer 12 per cent. These figures are all, all are sweeping statements, but they do reflect the current mood of all estate offices in the

Sound backing

Such developments undoubtedly still exist in the Bahamas. They are the projects with very sound financial backing involving some blue chip names. They will have already achieved a good measure of sales and construction and are thus showing every sign of marketability in the future. They will also be projects where there are solid limits to their geographical spread (because they are on a spit or headland for instance) and will not be forever spreading their frayed edges in the future.

One project that is of interest to English investors and will serve as an example of what a plot hunter might examine is Treasure Cay—a development involving Morgan Grenfell, Lazards and Guinness Mahon and controlled by the Daltec Banking Corporation. Treasure Cay is on Abaco, a vast, straggling "out island" in the northeast corner of the Bahamas. The Cay is a slender promontory on the Atlantic side. It has just two assets that distinguish it from the rest of the very unlovely land mass. It has a beach that is a three-mile semicircle of white sand, and it has a "lens" of fresh water—

a natural catchment area and storage tank for the infrequent rain. These two features have merited the expenditure of \$20m. to improve an airstrip, undertake some ambitious land reclamation, lay a maze of utility lines, and, of course, build an extremely fine 18-hole golf course with imported greens. So far the Treasure Cay company has sold 900 acres out of a total of 1,400. Another land reclamation project will yield a further 350 acres of land and some idea of the potential profit of the exercise can be gleaned from the fact that the costs of preparing these extra acres will be \$5m. whereas the expected sale value will be \$20m. The key word here is "potential", although widely considered one of the better Bahamian developments Treasure Cay has been through a harrowing year of sales, with revesques in some months threatening to fall below the running costs and the debt servicing charge. This is where the merchant banking background has been invaluable in making sure that the local financial controller keeps a tight rein on his costs which, in a project of this type, can run wild.

In visiting Treasure Cay the visual impression that one gets is of an extreme act of faith on the part of everyone concerned with the project, from the banks and individuals who are putting up the money to the prospective villa buyer. Despite all the achievement there is always so much more to be achieved. Here a man has taken the plunge and has paid £10,000 for half an acre, and perhaps

£15,000 for a house of 1,500 square feet. It looks neat and well finished and it is surrounded by a fine carpet of greenery. This grass only strengthens the contrast with the scrub that lies around him. All the neighbouring lots have been sold, but when will they be built upon? Next year—Sometime? Never? For the moment the owner must live with the potential, which, as most people who have stayed at the Treasure Cay Hotel know, is to own one of the most admirably situated houses that a Londoner could imagine.

Crown Land

Despite the slump in real estate sales, it must be recorded that giant corporations are still coming up with plans for new resorts like the \$42m. complex planned for Great Exuma by Bahama Incorporated and Hyatt International. But the chances are that the days when groups of bankers were able to proceed as an independent group with projects like Treasure Cay are now over. In future, it seems, the Bahamian Government will only be making the Bahamas's enormous expanses of Crown Land available through its own Government Development Corporation. This corporation will take a sizeable equity stake in any scheme and contribute land by way of co-capital. Earlier this year North American Rockwell announced a joint deal with the Government to build a multi-million-dollar resort on Bimini. The terms have not yet been settled, but this liaison could well set the pattern for the future.



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BAHAMAS III

Immigration policy meets with opposition

By NICKI KELLY, Bahamas Correspondent

Never before have so many quotas, numerical limitations or educational and employment barriers, is still more liberal than that practised by Britain, the U.S., Canada, four-year Administration of Switzerland or Australia.

Prime Minister Lynden Pindling, yet unemployment is the highest it has ever been and the country's future as a banking and investment centre is being seriously questioned.

The U.S. recession cannot be ruled out as a contributory factor in the slowdown of investment capital to this tax haven, but the principal factor is now generally acknowledged to be the tightly controlled immigration policy, which has been pursued since 1968.

This policy is the result of two major considerations—a late blooming nationalism and a prospect of early independence.

Until 1967 the Bahamas enjoyed full employment, but jobs in the upper administrative and executive levels of private business were still closed to Bahamians. The Progressive Liberal Party has been committed from its formation to inducing employers to train Bahamians for these positions. Earlier this year the PLP made the further commitment that it would seek independence no later than 1973. With 15.5 per cent. of the 169,000 population acknowledged to be foreign, the Government is understandably concerned that Bahamian nationals be at the helm economically as well as politically during the period of transition.

Royal Commission

A year ago, in an effort to clear the Government's reputation, the Prime Minister named a four-man Royal Commission to review the development of Freeport and make recommendations in the light of social and economic changes. But the administration and its critics have accepted the report as being both fair and just, but for different reasons. The Government interpreted it as a vindication of its stand that the Freeport area, as a part of the island of Grand Bahama, had to be governed under the same laws as the rest of the Bahamas for matters of security.

By contrast the Opposition considers the findings an outright censure of Government policy, pointing in particular to the Commission's statement that "there can be no doubt the immigration dispute and the course it took had an adverse effect on the economy, not only of Freeport but the whole Bahamas—the root cause being that investor confidence was shaken."

The effect of the dispute was dramatically borne out by the recent census, which indicated that the Freeport population in 1970 was under 15,000, over 2,000 less than the estimated number in 1967 and 10,000 less than had been anticipated.

Since then there has been a steady decline in the economic viability of Freeport. Building approvals, at an all-time record of \$24.7m. during the first half of 1968, slumped \$19m. by the first half of 1970. These cumulative losses during the second quarter of 1970 had fallen off a further \$5.7m. compared to the same quarter last year. Left Bahamas, where there are no

depts are unoccupied houses and apartments, for which there are no buyers. The unemployment crisis stemming from the Freeport episode was aggravated in late 1970 by the collapse of the 35 year old Bahamas Airways, following another alleged breach of faith by the Government in the matter of route priority for the airline.

The BAL closure only served to accentuate the already uneasy feeling among investors concerning the administration's attitude towards foreign-owned institutions, and was immediately reflected in a further slowdown of investor capital to the Bahamas. By the end of 1970 the volume of building construction in Nassau was down \$6.6m.

Four months ago, as part of a Government effort to "revitalise and strengthen" the economy, Home Affairs Minister Arthur Hanna, who also holds the portfolio for immigration, announced that the recommendation of the Freeport Commission would be acted upon and a work permit policy of up to five years introduced for key executive staff.

It was made clear at the same time, however, that no person recruited from abroad could expect to remain in the country of licence fees, salaries, rents, in any capacity for more than five years. At the end of that time the employer was expected



A classroom in the village school at Great Harbour Cay.

to replace him with a trained Bahamian.

In effect the Government's intention is to phase out quickly those expatriates it considers to possess skill now available within the local labour market. Since the new ruling there has been no known instance of anyone already here for any length of time being granted a five-year work permit. The norm has been either one year and a letter indicating that was the last renewal that could be expected, or in a great many cases, an outright refusal to renew.

Hardest hit has been the banking and financial sector which, next to tourism, is the most significant contributor to the country's balance of payments. Much has been done by the banks and trust companies to train Bahamians in the last three years, albeit in the hope of easing their immigration difficulties for expatriate staff. They directly employ 2,300 persons, 80 per cent. of whom are Bahamians.

The Government has acknowledged this contribution and the estimated \$25m. poured into the economy last year in the form of licence fees, salaries, rents, allowances, etc. Now, however, it is concerned that these institutions are not doing enough to

assist in the social development of the country. Even more, it is worried that trust companies in particular are advising their international clients not to invest in the Bahamas because of what they may consider are unstable conditions.

The official view that the financial sector may be under mining investor confidence in the Bahamas was bluntly voiced by the Prime Minister when he told bankers that the Government expected "good citizen-ship support of the country, a willingness to discuss its advantages as well as its faults, and a balanced not a biased point."

With a mushrooming trade deficit and a shortage of public funds to expand its diversification programme, the Pindling administration has made it clear the time has come for the responsibility to be shared by private business and particularly that sector which benefits most from the Bahamas's lenient tax laws. The banks and trusts, on the other hand, see the immigration squeeze as a two-pronged effort to put Bahamians in the key advisory positions while ensuring a flow of locally invested capital in exchange for essential work permits.

In view of the mutual suspicion which now appears to exist between both parties, it is difficult to see any settlement to the impasse or that it can be resolved to the Government's advantage. There is already evidence that much of the trust business that would have come to the Bahamas has gone to the Cayman Islands, where several important groups—registered associated companies when the FLP swept to power in 1967.

The tax haven framework for the Caymans was patterned after the Bahamas's Banks and Trust Companies Act. Since 1963 some 2,000 firms have registered, nearly 500 of them last year when the Bahamas Government was pressing its right to control immigration at Freeport. In the Bahamas meanwhile, 801 companies were struck off the Register during the first six months of this year, while only 575 had been formed up to the end of August.

The situation has not been helped by an international currency crisis which has forced the Bahamas Monetary Authority to introduce exchange control restrictions on sterling to stop the pressure against the Bahamian dollar. Investors bankers have no doubt that the move will be a strong deterrent to U.K. investors, who must now get "approved status" before hand if they wish at some late date to repatriate their money.

With British and American investments beginning to dry up, Prime Minister Pindling made a flying visit to Ottawa Montreal and Toronto in September to tell political, business banking and financial leaders that "there is need, and there is room for further Canadian involvement in the Bahamas." Later this year he plans to go to Europe on the same mission.

Not altered

The Government's position on development participation has not altered, however. Mr. Pindling told his Canadian listeners that, while the Bahamas encouraged and warmly welcomed foreign investment, it is seeking "corporate investors with a social conscience who understand the needs of emerging countries and are responsive to people as well as profits." It made it clear that there must be both Bahamian participation in new enterprises and the training of Bahamians for supervisory and managerial roles.

Although not minimising the importance of direct foreign investment in maintaining a favourable balance of payment position and providing additional capital to sustain the present growth, the Government also believes that the Bahamas, like the Caribbean has been the object of exploitation by the foreign investor.

The country's dilemma in the next two years will be to the extent to which nationalism as cash need can be reconciled in an economy almost totally dependent on foreign capital for its survival.

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OAKES FIELD NASSAU
P.O. BOX N 1576

By NICKI KELLY

For a country which was expected to experience an enormous tourist decline in 1971, the Bahamas's record-breaking receipts for the first nine months represents a complete contradiction assessed in terms of present Caribbean trends. This prediction was made by the influential American publication "Travel Trade", which also foresaw an upsurge in tourist volume for the islands to the south.

But while the Bahamas passed the millionth tourist mark in August, to chalk up 1,137,141 visitors by the end of September, some of its Caribbean competitors were running as much as 15 per cent. below last year's totals and were deeply concerned about the possible effects next summer of a transatlantic air fare war which threatens them with cut-throat competition. With 1,450,000 arrivals expected by the end of the year, Bahamas tourist representatives have good reason to feel optimistic about the prospects for 1972.

Parity value

Air fares are being maintained at \$100 below the New York to Europe round-trip, and the Government's decision to retain the parity value of the Bahamian and U.S. dollar is certain to be a major psychological and financial inducement for U.S. visitors. Additionally, more Europeans are discovering that a vacation in the Bahamas need be no more more expensive than one in Spain, and a great deal less crowded.

In 1970, after experiencing the highest tourist growth rate of any island resort in the world, the Bahamas was hit by both the U.S. recession and by a spate of negative publicity which criticised the high hotel prices, poor service and the generally hostile attitude of those in the business of serving the tourist. Peak winter season bookings fell 20 to 25 per cent. below the previous year, shock-

ing Bahamians into the dis-

comforting realisation that their country's economy is almost totally dependent on tourism.

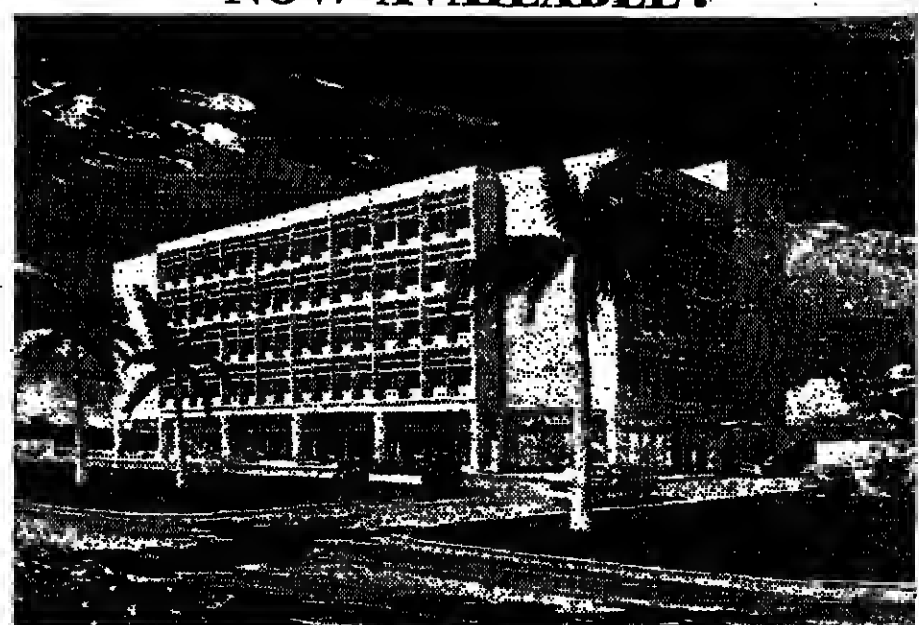
Tourism in the Bahamas accounts for an estimated 71 per cent. of the country's gross national product and for nearly 60 per cent. of the Government's revenue. Although genuine efforts are being made to diversify the economy, tourism

is the mainstay and is likely to remain so for some time to come. In 1969, the Bahamas earned \$235m. from its 1,352,000 visitors, 72 per cent. of whom came by air, staying an average of 5.6 days. By the end of 1970 both air totals and revenue were sharply down.

Although 1970's overall figure of 1.3m. tourists was down only

Continued on next page

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BAHAMAS V

Compact centre for finance

By NICHOLAS COLCHESTER

Nassau has been physically over-run by the finance industry. The plate glass windows of rows of prestigious banks and trust companies reflect streams of uninterested tourists. The entrance halls of the office buildings sport the names of a thousand financial vehicles. Somewhere you will find the name-plate of just about every blue chip chartered accountant on either side of the Atlantic. Up the back streets, in discreet doorways, you will find an army of attorneys. It is a uniquely compact centre of world finance.

According to Government statistics there are now 6,500 finance or financial service companies incorporated in the Bahamas. They account for 50 per cent. of the country's authorised capital. Company registrations of all kinds rose from a rate of 1,200 a year in 1965 to 2,300 in 1969. In 1970 the figure fell back to 1,000.

Second industry

Finance remains the Bahamas' second industry. In figure terms it is a poor second; its contribution to the economy has been reckoned to be about \$25m. a year compared with the \$220m. they spent last year by the tourists. It is an industry that is sustained at an opportunity cost: it steers the Government away from income and corporation tax to the less equitable alternative of an import levy. But it is a windfall source of diversification that the Government cannot afford to ignore. It is a source of influence and prestige, in the same way that finance is to Switzerland, and it supplies a type of sophisticated employment for Bahamians that the islands would be hard put to generate in any other way.

The industry developed very fast during the 1960s. By the end of 1970 there were 151 banks authorised to do business with anybody and 12 trust companies with similarly unrestricted licences. In addition, Freeport on Grand Bahama had 46 banks and 44 Island over trusts licensed to do specific

business with specific clients. This entire welter of finance companies exists on an island with the same population as the city of Oxford.

The Bahamas' attractions as a finance centre are extensive. Nassau is very close to the U.S. It is in the same time zone as the U.S. corporate treasurers and bankers in New York.

Communications are fairly good. Most important of all, there is no corporation tax, income tax, estate duty, capital gains tax or withholding tax. There is a small company tax and some stamp duty. Banks, trusts and insurance companies have to pay fees. The maximum annual fee for an insurance company is \$3,000, while for a bank or trust company it is \$10,000. There are no double taxation agreements. Another quantifiable debit is the unwillingness of the Bahamian Government to allow exempt companies—companies which are guaranteed freedom from taxes for a period from their incorporation. Both the Cayman Islands and Bermuda offer this guarantee, and it gives more reassurance than the ceaseless reiteration by Bahamian politicians that they are not contemplating income or corporation tax.

All in all the fiscal climate is attractive, but in recent years the name of Nassau as a centre of finance has become besmeared. Last October Gramco, an international investment company based in the Bahamas, announced that it would stop redeeming shares in its USIF real estate fund. This, compounding the troubles of IOS, was a major blow to confidence in the fund industry, and it rubbed off rather unjustifiably, the Bahamas. It coincided with a bad year for Bahamian tourism, the collapse of the major Bahamian airline and an argument between the Government and the businesses that had become established at Freeport on Grand Bahama over the Government's right to impose

immigration control in that area. All this created much local bitterness, which was, in turn, broadcast in such a way that in the minds of the uninformed, Nassau became synonymous with "Black Power," "Cosa Nostra," and every form of financial shadiness.

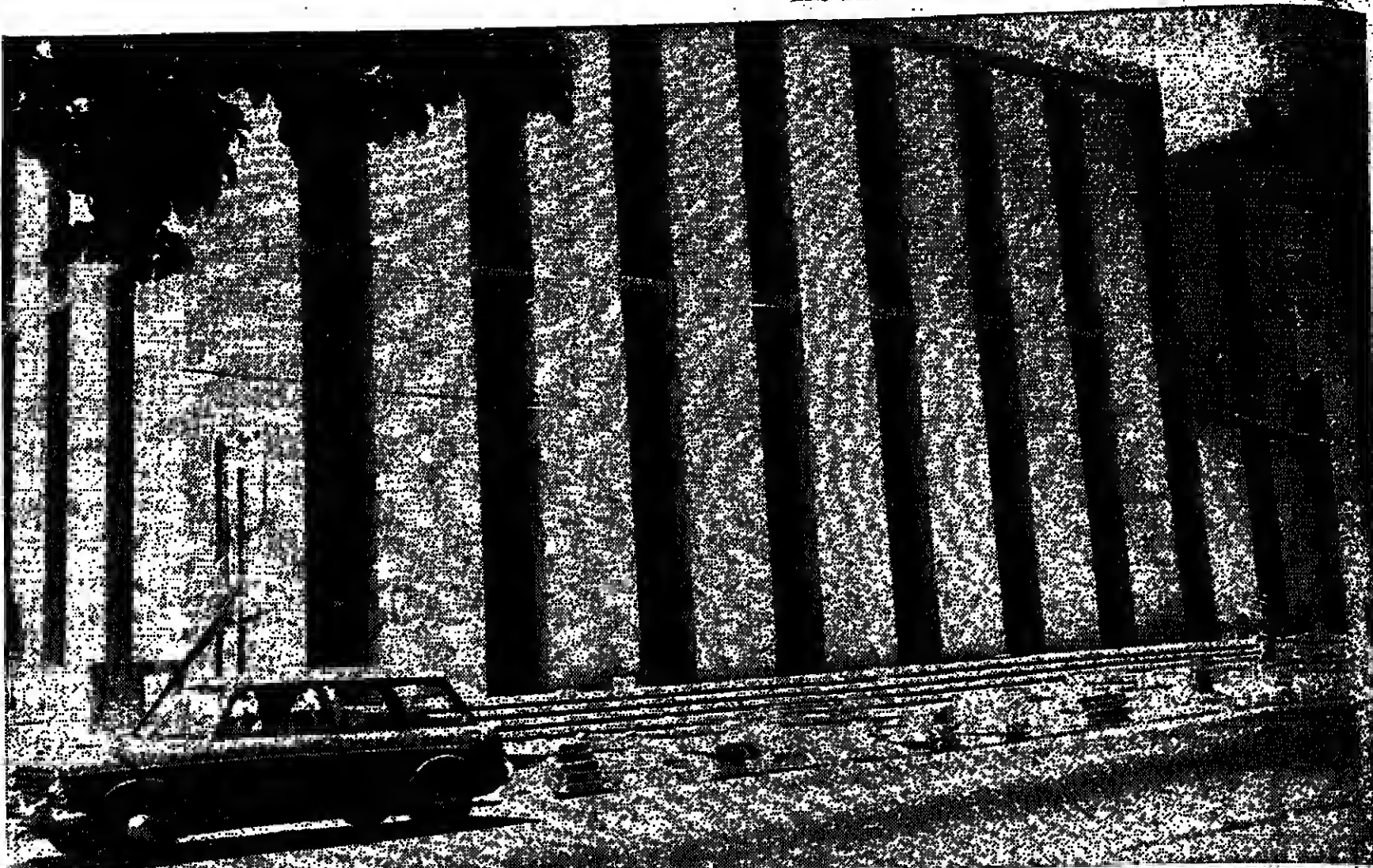
Visas problem

Most of this was unfounded, and is now definitely outdated. The only problem that does continue to bother the Nassau financial community is the problem of immigration visas, which, as another article in this survey explains, the Government is controlling fairly tightly in an effort to make sure that Bahamians are hired and trained in the intricacies of finance themselves. This policy involves the finance companies in a round of explanations, justifications, and appeals whenever they feel they need to bring in able financiers from abroad. It makes life particularly uncertain for the small operation and it is resented by the trust companies which sell themselves very much on their professionalism. The banks, however, appear to be happier with the situation. Particularly in the case of the major international banks like Barclays and First National City Bank, it is now very much a part of policy to be flexible and accommodating in the face of nationalistic sentiments, and in this respect the attitude of the Bahamian Government is one that is found in many other places around the world.

In fact, despite the rise in fashionability of other tax havens like the Caymans, most companies with serious operations in the Bahamas appear to be satisfied with the place. The Government and the Bahamas Monetary Authority are constantly improving the system of vetting businesses that are allowed to set up in Nassau, and one is assured that the shady Bahamian banks and trusts that undoubtedly existed on Bay Street in the late-1960s are no longer in evidence. The Bahamas Monetary Authority is universally praised. It is the beginning of the Central Bank that is a prerequisite of independence, and in its willingness to talk to the financiers it seems to provide a most useful liaison between the finance industry and Government. This happy relationship meant that much of the trauma was taken out of the BMA's recent action in subjecting sterling to the same exchange control regulation as other non-Bahamian currencies. The BMA took this action because the Bahamas were acting as a conduit for speculation against the U.S. dollar in favour of sterling and this was putting a strain on the Bahamian currency reserves. The BMA has promised that this is only a temporary measure. And with this reassurance much of the initial talk of "frozen Bahamian assets" has died away.

Charlotte House which is to accommodate Butler's Bank Ltd. in Nassau.

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Freeport likely to make a gradual recovery

By a Correspondent

No description of the present state of the Bahamas would be complete without a resumé of the development of Freeport, the quasi-independent industrial real estate and resort complex that has transformed the barren island of Grand Bahama. Freeport is really the crux of the Bahamas' present plight. When the Progressive Liberal Party first came to power, Freeport quite plainly represented to them a symbol of white commercial exploitation of the Bahamas and in deciding to "bring it to heel" the Government triggered controversy and bitterness that had a deep effect on the confidence of overseas investors in the Bahamas.

To-day, seeing the sprawl of Freeport and its surrounding estate developments from the air, it is hard to believe that the whole project was the conception of one man less than 20 years ago. During the 1950s Mr. Wallace Groves founded a company called the Grand Bahama Port Authority, whose aim was to establish a port and industrial estate at Hawkehill Creek on Grand Bahama. By 1960, after several years of little activity, Mr. Groves had decided that he needed to attract the tourist to Freeport if it was to be a success. By this time his company owned 120,000 acres on Grand Bahama. He developed the tourist industry, contributing land to a new company called the Grand Bahama Development Company, which with finance from other shareholders, built the first major hotel. In fact the tourist industry proved slow to get off the ground so the project was given a boost by introducing gambling after complicated negotiations with the Bahamas Government. From that moment Freeport took off in a big way: tourism increased by leaps and bounds; the number of hotels on the island rose to 17 by the end of the decade. At the same time an impressive amount of industry moved into Freeport, culminating in 1969 with the opening of an \$50m. oil refinery built by Standard Oil of California and the New England Petroleum Corporation. Meanwhile the development company based in a real estate boom that saw \$150m. invested in Freeport between 1964 and 1970.

Flash point

The crisis in Freeport began to develop in the early part of 1969 when it became clear that the Bahamian Government was intent on vetting the number of immigrants who were allowed into Grand Bahama to work and share in the prosperity that Mr. Groves and hundreds of millions of dollars of foreign capital had created. The flash point occurred at the opening of the oil refinery that summer, when the Prime Minister made what is now called the "bend or break" speech. "In this city," he said, "where, unfortunately, almost anything goes, where promisingly some economic opportunities have come to Bahamians, Bahamians are still nevertheless the victims of an unbending social order which, if it refuses to bend, must now be broken."

After this stiff little lecture, a very complicated and bitter legal argument developed over the rights of Freeporters, and this ended abruptly in February 1970 when the Government passed legislation giving itself unchallengeable control of immigration into Freeport.

As a quid pro quo the Government asked for a royal commission inquiry on the whole

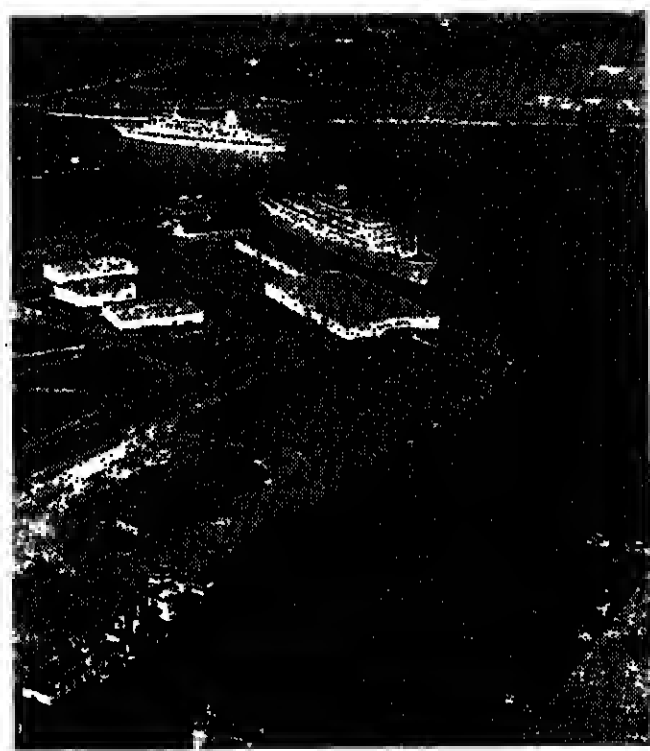


The Bahamas Oil Refining Company's 250,000 barrel a day plant at Freeport. Construction has just started on a large expansion scheme.

affair. This was produced under the direction of Sir Hugh Wooding and it makes fascinating reading. With masterful use of understatement the report agrees with the right of the Bahamian Government to exert a degree of control over immigration into any of the Bahamian islands but paints a devastating picture of the inefficiency with which the Ministry of Home Affairs attempted to exert that control. "No one can doubt," says the report "that the immigration dispute and the course it took have had an adverse effect on the economy, not only of Freeport but of the whole of the commonwealth of the Bahama Islands."

To-day it gives the impression of a place that is banging on the skin of its teeth. The Administration continues to be efficient, the roads are beautifully maintained, the utilities faultlessly supplied. But the population has fallen as businesses have closed down their operation there. The giant real estate developments are scenes of woeful inactivity. In the second quarter of 1971 the value of construction in Freeport fell from \$7m. to \$1.35m. despite the boom it has witnessed and the enormous potential that remains, Freeport looks like making a very gradual recovery.

10 Good Reasons Exporters Should Base In Freeport/Lucaya In the Bahamas



- 1. TAX HAVEN:** The Bahamas is acknowledged as a tax haven. There is a contractual guarantee by the Bahamas Government that in Freeport, at least until 1990, the government will not impose personal income taxes, corporate profits taxes, capital gains taxes or levies on capital, personal or real property or inventory taxes. At least until 2054, no excise or import duties will be levied on equipment or materials used by licensed businesses. Only goods for personal use or consumption are dutiable.
- 2. MARKET PROXIMITY:** Freeport can be your gateway to the Americas. Situated just 110 miles across the Gulf Stream from Miami, Florida, Freeport companies have easy access to the growing markets of the United States, the Bahamas-Caribbean and Latin America. Freeport's location makes it ideal for headquarters for import-export and trans-shipment businesses which want to keep a hand on the pulse of markets in the Western Hemisphere.
- 3. TRANSPORTATION:** Freeport is situated on the edge of the Gulf Stream, one of the main shipping lanes between Europe and the Southeastern United States, the Bahamas-Caribbean and Central and South America. Freeport's modern harbour is served regularly by freight and passenger vessels from throughout the world. Freeport International Airport, a modern jetport, is served by such carriers as BOAC, Pan-Am, Eastern Airlines, Northeast Airlines, Transamerica Air Corp Ltd. and many other supplemental end charter airlines, offering fast and efficient movement of passengers and cargo.
- 4. COMMUNICATIONS:** A modern automatic telephone system serves Freeport. Telephone, telegraph and teletype communications through the Bahamas Telecommunications Corp. puts any part of the world just minutes away. A submarine cable connecting West Palm Beach, Florida, to Freeport is to go into operation in 1972, providing further improvement in communications. Postal service is modern and efficient to and from Freeport.
- 5. BONDED CUSTOMS:** Business licensed in Freeport can hold goods in Bonded Customs for trans-shipment or for later use or export. This free capital for other uses. Modern warehousing is available for goods stored in Freeport.

6. INTERNATIONAL BANKING: A wide range of financial institutions serves the growing needs of the business community and residents of Freeport. Services offered range from full-service commercial banks with world-wide facilities to private and merchant banks and savings institutions.

7. STABLE GOVERNMENT: The Bahamas has a long history of parliamentary government, and its leaders have said on several occasions that the government is committed to the system of Free Enterprise as it is exemplified by the nations of the Free World.

8. UTILITIES: The electrical power system in Freeport is highly dependable with high service standards. Service outages are extremely rare. Total capacity of the system is 120,000 kilowatts—a fivefold increase since 1968—and planning and design of the system provides both reserves and expansion capabilities to meet the growing demands of industry and commerce. Fresh water is available from a natural aquifer which recharges by rainfall averaging more than 50 inches each year. Fresh water resources in Freeport can support a population of more than 250,000 persons.

9. WEATHER AND LIVING AMENITIES: Freeport's weather is subtropical. Temperatures average 70 degrees Fahrenheit in winter and 82 in summer. Freeport is out of the tropical storm trail and has had no major storm damage in many years. The growing resort industry provides many of the amenities for graceful living desired by families of companies locating in Freeport.

10. LABOUR: Bahamians have responded with enthusiasm to employment opportunities offered by development of Freeport. Bahamians, both male and female, respond quickly to opportunities for training which elevates them into skilled and semi-skilled crafts and trades. Licensed business and industry are able to bring skilled and semi-skilled non-Bahamian labour into Freeport if no Bahamians are available, with prior approval of the Bahamas Immigration Department. These businesses must demonstrate satisfactorily to government their willingness to employ, train and promote Bahamians where possible at all levels of employment.



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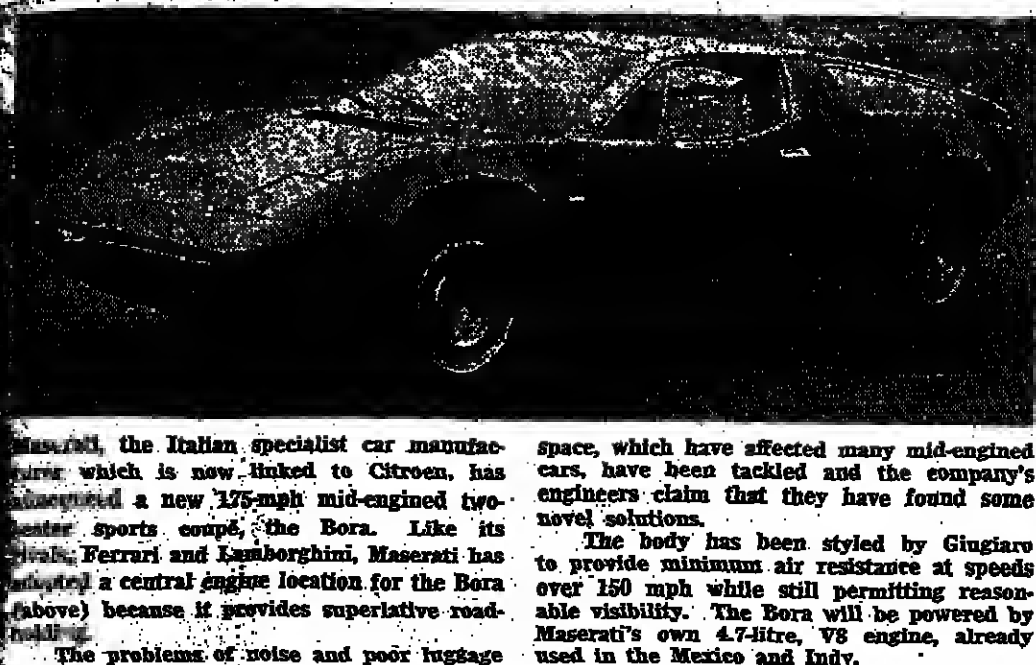
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Self-help urged for commercial radio

BY RAY DAFER

REDIFFUSION Radio Holdings, the ownership of stations as well as providing a technical service for other operators. The company was not commenting further on its plans "until we know the rules of the game which at the moment are unspecified."

In general terms, however, the company envisaged stations providing programmes which were "neither commercial BBC nor popera vendors." "Everybody seems to be thinking in terms of radio radio, that is not what we are after," Mr. Binnis said.

Mr. Nicholas Mellers, assistant to the chief executive, said that the company supported the concept of a London commercial station providing nothing but news and current affairs programmes. Such a station would then be able to provide a national news service to the rest of the country.

Rediffusion Radio Holdings is now in the process of "selling" its ownership or part

ownership of stations as well as providing a technical service for other operators. The company was not commenting further on its plans "until we know the rules of the game which at the moment are unspecified."

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Correspondence course in packaging technology

BY ELSBETH GANGLIN

IF Institute of Packaging—the professional organisation for packaging technologists in K—is to start what it claims to be Europe's first correspondence course in packaging technology, this will be run in collaboration with the National Extension College, Cambridge, from next January.

The Institute of Packaging, set up 24 years ago, has a mere 3,000 members and an annual income of about £22,000. It paid some 300 to get the correspondence course off the ground and reckons at it will cost £5,000 or £7,000 to run the first two-year course. It is said to be expected to become self-supporting.

The course is aimed at the many packaging people—or potential packaging people—who live in "little pockets of the U.K. where you could never mount a course," it was said yesterday. For the rest, the Institute runs residential courses and a variety of seminars.

The new scheme, apart from reaching a wider audience, will also provide a "unifying influence." Trainees can take the Institute's membership examination at the end, and there are tutors who will ensure "good feedback." Only about one-third of the Institute's present members have passed the examination.

The correspondence course will consist of 26 lessons, normally worked monthly. It will cost £500 for U.K. participants and £42 for overseas students.

'Better deal' for wives urged

FINANCIAL TIMES REPORTER

JUDICIAL CHANGES in the law give greater property rights to widows and divorced wives, but a new Law Commission report, published today, suggests that a "better deal" should be made for the wives of men who die or are divorced. The Commission tentatively suggests that £2,000 or one-third of the estate (whichever is the greater) should be the level of inheritance.

Under the third scheme, whether a marriage was ended by death or separation, the husband and wife would share their property equally and in accordance with certain rules.

Regardless of whether any changes were to be adopted, the Commission argues that some development of existing law is necessary. Fairly detailed proposals to improve and extend the existing rights of a wife to obtain maintenance or support from the husband or his estate are advocated within the existing framework of family property law.

A survey on behalf of the Commission is being conducted to find out how married people manage their property and what

A second idea, which would apply to every marriage ending in death or divorce, would give the surviving partner an automatic right to inherit part of the dead person's estate. The Commission tentatively suggests that £2,000 or one-third of the estate (whichever is the greater) should be the level of inheritance.

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A survey on behalf of the Commission is being conducted to find out how married people manage their property and what

they think about the present law. The results are expected at the end of the year.

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Advertisers demand longer ITV hours

THE INCORPORATED Society of British Advertisers yesterday called for an immediate extension of television advertising hours. It also sought "immediate" removal of the levy on TV advertising and spoke of the necessity for any second commercial channel to be commercially competitive in sale of air time with any other commercial channel operating in the same region.

Before any irreversible decision was made on the future of television, it said, the Government should take evidence from all interested parties, including the advertisers.

Advertisers would prefer "a good solution a year or two later rather than a less good solution earlier."

UNEMPLOYMENT PROBLEM IN CHESTERFIELD

Sir John Eden, Minister for Industry, will visit Chesterfield next month to see for himself the problem facing the town which has a 10 per cent unemployment rate. The borough council has already unsuccessfully tried to get intermediate area status.

Chesterfield Corporation is also sponsoring a conference later this year to discuss the unemployment situation in the area and of attracting new industry.

BRADFORD ACTION ON CREDIT PROBLEM

Bradford Chamber of Commerce has decided to take up the problem of extended credit with the Yorkshire and Humberside Chambers of Commerce and the Association of British Chambers of Commerce.

This follows a plea from a Bradford concern for action to end the "unfortunate practice" of a letter stating there was a tendency, particularly among larger enterprises, to take credit beyond the normal month, and it was suggested that there be a declaration of intent from the larger industrial combines that from January they would be prepared to pay accounts on the due date.

Lowest cost building will create problems —RIBA president

BY H. A. N. BROCKMAN, ARCHITECTURE CORRESPONDENT

MAKING A WIDE survey of the external and internal environmental responsibilities of the architectural profession, Mr. Alec Gordon, the new president of the Royal Institute of British Architects in his inaugural address in London yesterday, called for an effort towards designing simpler, better mannered and less egotistical buildings. There was, he said, a need for the closest co-operation and support for the active contributions of all concerned with building and building design.

Mr. Gordon referred to the concept of "long life, loose fit" and low energy building which now had an increasing number of supporters and suggested that more facts were needed about the economics of long-life, but adaptable, buildings, in order that these should be debated throughout the profession. Then the Institute could develop a corporate view strong enough to influence both government policy and the client, particularly in the public sector the aim for lowest initial cost was laying up problems for the future, both economic and environmental. As an example he quoted the recently completed station buildings at Oxford.

"Although competently detailed the application of far too rigid cost limits have resulted in buildings mean in space and mean in materials, out of character with the general building quality in the university town and likely to become shoddy in no time at all. I am confident that the long-term economics of development just don't stand up."

The RIBA, Mr. Gordon said, should develop a stronger and more authoritative voice to encourage government departments and national agencies to turn away from attitudes of lowest initial cost towards those of long term value for money. The profession was not out to avoid the work of investigation and refinement, at the design stage, necessary to control costs, nor was it opposed in principle to a cost-limit system, but such must be developed so that there were opportunities for long-term value.

Questions of control

He referred to the welcome sign that responsible developers were now finding that "the better architect organisations can provide a balanced service, combining financial know-how with

German carpet factory for S. Wales

By Our Own Correspondent

CARDIFF, October 25. A WEST German-based carpet company is establishing a distribution and processing plant in South Wales because, it is stated, the location is ideally suitable for communications with other parts of the country. The factory, where 40 jobs will be created, is near Bridgend. Mr. John Le Mesurier, managing director of the British subsidiary, Messer UK, also said it would be establishing five other distribution centres in other UK development areas.

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Liverpool and Merseyside

FINANCIAL
TIMES
SURVEY

Boroughs co-operate for common good

By ROY HODSON, Regions Editor

Thanks to a new observation tower soaring hundreds of feet above Liverpool's city centre in that direction the sun also and a vigorous clean air campaign which has put back spunk into the scene you can have a fine Liver bird's view of Merseyside these days. The contrasts are vivid and in some cases startling. Down below the immediate docks are old and little-used, left-overs from the sailing ship era. Yet over towards the mouth of the Mersey at Seaforth the port's biggest-ever docks and container berths scheme is nearly ready to take shipping.

The Mersey itself looks serene and rather indolent. Because of the changing pattern of sea trade fewer ships are to be seen on the river these days. Yet those two supertankers discharging oil at the Tranmere terminal are helping to notch up healthy increases in the port's annual tonnage figures. Over on the horizon the faint line of the Anglesey coast is a reminder that within a few years the Very Large Crude Carriers will be using deep-water moorings out there. The traditional habit, or institution enterprises bungle for all this is being allowed to linger uncrude oil, the refineries and challenged into the 1970s. The petro-chemical plants of Elles-

mere Port and Stanlow, are smoky blotches up the river. In that direction the sun also catches the green of the rich dairy lands of Cheshire where top executives live in cosy villages.

Below in the city there are some empty factories, warehouses, and mill buildings. Look along the river, however, and you can see a new airport runway and three new car plants: Vauxhall on the Cheshire bank and Ford and Triumph on the Lancashire side.

Slums bulldozed

Wide areas of the old Liverpool slums have been bulldozed, giving the city a piebald appearance. Yet new housing estates ring the city's outskirts while across the Mersey the Wirral peninsula is bristling with new property.

Looking out at Merseyside from St. John's Precinct tower you are seeing a city region where the pace of change is furious: where hardly a single traditional habit, or institution enterprises bungle for all this is being allowed to linger uncrude oil, the refineries and challenged into the 1970s. The petro-chemical plants of Elles-

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Ebullient leader

"Mac," who has proved himself an ebullient city leader with the sort of style the Liverpoolian likes to see, set off for the Eastern Seaboard earlier this month with a delegation determined to "sell Merseyside." The point has been well taken by the other Mersey towns. The Macdonald Steward mission, although sponsored by Liverpool, is trying to create jobs everywhere on Merseyside. The city region concept has come a long way.

Another idea now being discussed to help Merseyside is to establish an office in London which would represent the city region and promote it. Naturally, it is already being dubbed the "Scouse House."

The Government's efforts to provide more short-term employment by such devices as stepping up building and construction contracts already in the pipeline look like having some impact on Merseyside and may well check unemployment from rising significantly above the present level. But to find sufficient work permanently to reduce the unemployment figures to acceptable levels the area desperately needs new industries and a great many extensions to the industries already there.

Although the new car factories look so impressive and, together with the component industries linked with them, now account for nearly 50,000 jobs, they really represent early steps in Merseyside's long walk into manufacturing industry. Traditionally the area has been geared to commerce, the port, and the service industries. All too often one step forwards towards manufacturing has been followed by an involuntary step backwards as another of the established Merseyside enterprises has closed or cut back its work force. And as far as the companies that have stayed in Liverpool are concerned new investment does not always promise more jobs. J. Bibby and

Sons have been crushing exotic seeds at the Liverpool docks since the days of sailing ships. They have just consolidated their operation by spending £2m on a new edible oil refinery. But such is the new flexibility of their business with the consequent need for new plants in other parts of the country that their labour force is no longer concentrated on

loyal to his own and we have learned that the decisions taken locally are the most valuable ones."

The future Merseyside is now taking shape. Liverpool, at the centre of the city region, has a grand central plan which for a while gave rise to fears that the city was biting off more than it could chew. But the energy to carry through the necessary



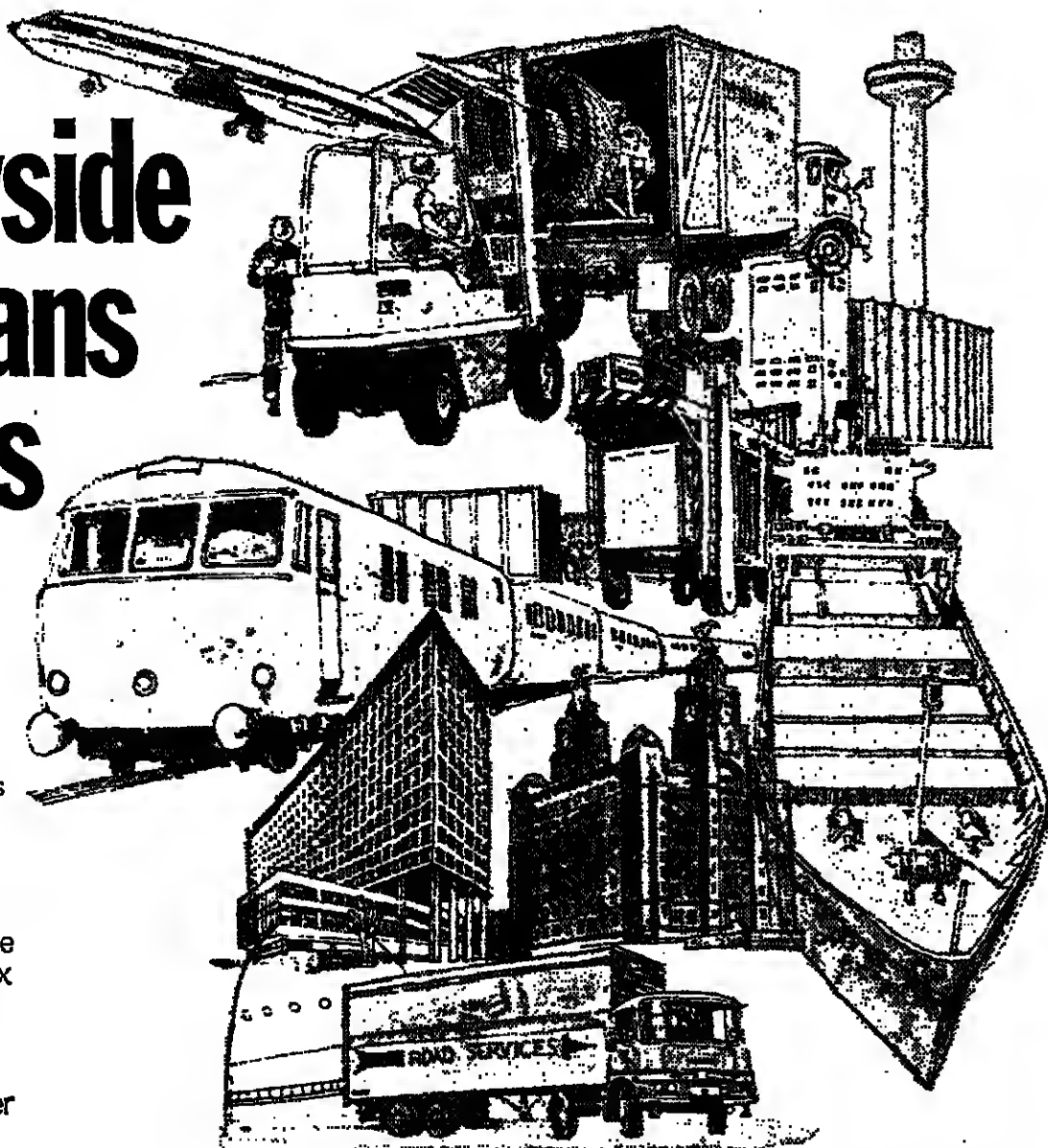
Merseyside. At the end of their rationalisation they will be employing fewer factory workers in Liverpool than their central office staff also based there.

Local pride

Merseysiders think fondly of Bibbys and a handful of other companies as their "own firms": the ones that are still managed locally. One of the things local pride has found it hardest to take has been the remorseless removal of management from Merseyside to London or to the U.S. On that score the future looks brighter. It is clear that national and international companies operating in the area are more anxious than they were to understand local idiosyncrasies and to cater for them benevolently. The next wave of manufacturing industry to roll into Merseyside, whatever it may be, is unlikely to repeat the mistakes made by the car companies in the early 1960s. One car executive told me: "The Liverpool man is

improvements in communications has been found and, more important, sustained. The second Mersey tunnel is now open, a third is being built, and a bridge is already being discussed. Meanwhile a Liverpool underground railway will, by the mid-70s, link all the services which now stretch into Lancashire and Cheshire to provide arteries for Merseyside. In the matter of central redevelopment the city's touch has been less certain. But by simplifying the ambitious schemes for key areas the corporation has managed to save the programme from clogging up and, at the same time, retain the interest of private enterprise development. Bootle, Crosby, Birkenhead, Wallasey, Runcheon and Ellesmere Port are all various stages of radical improvement which is making them less dependent upon Liverpool and more forceful members of the Merseyside conurbation. Given a fair wind from the national economy Merseyside need have no fear for the future.

Merseyside really means business



A New Port that means business

The Port of Liverpool is known as Britain's front door—and that's how it intends to stay. In December this year the first berth in the massive £40 million Seaforth Dock Complex will come into operation. When the complex is completed it will offer ten super berths for container ships, bulk grain carriers, refrigerated meat vessels and packaged timber carriers.

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LIVERPOOL AND MERSEYSIDE II

Good long-term future for Mersey docks

By A Correspondent

On December 11 last year, as a port. For the final arbiters, then Mersey Docks and the shipping companies, there is a strong economic advantage in the hands of the Receiver. In its available outgoing cargoes, the full year of operation it had. Finally there is Seaforth—the made a loss of over £3m. The £40m dock complex now near Board was unable to redeeming completion, which will cater some £5m. of bonds due for container traffic and for mature at the end of the year. special imports. Some 9m. tons The port had a capital debt of of earth were moved to con- over £93m. It was broke. struct it. It will have facilities

It could not make sufficient for grain and meat cargoes as money to pay the interest on its well as container berths. Its massive debts, let alone repay amenities will include a com- them. The impossible seemed to puterised cargo clearance have happened. The gilt-edged system, a ramp for roll on/roll stock had gone rusty. In the off traffic, and two large sheds previous decade the shipping for standard break bulk cargo tonnage handled at Liverpool storage. This month, final had decreased by 16 per cent, approval has been given for a against a national average rise link road to feed out of the of 5 per cent. In a letter to their dock directly into the national anxious security holders, the motorway grid.

Board explained why. The Seaforth may not be the dwindling throughput, they said, saviour of the port that some had stemmed from competitive would imagine. Indeed, the in- pressure, the inadequate com- creased capacity that it will petitive power of the port, bad bring can only be put to effective industrial relations and obso- and profitable use if industrial relations continue to improve, if

Indeed, one would have been the present marketing operation forgiven for assuming that attracts the expected custom, and if the non-profitable port shipping about 4m. tons a year operations can be shed.

What it has done, however, is to continue the trend where the Mersey Company works in close liaison and partnership with its customers—providing them with special facilities backing the dock itself. The company builds and rents the necessary plant to the importers as well as to the shipping lines themselves. This puts less strain on the finances of the port, and has the particu- lar advantage of tying the cus- tomer to Liverpool for a longer period of time. If you have custom-built, trouble-free special- ist plant, you think twice about taking your ships away.

Now constituted as the Mersey Docks and Harbour Company, it is to make a profit. The port will survive.

New company

There are four particular reasons why this is so. First is the constituting of the port as a statutory company itself. Whatever suspicions there might be of previous had man- agement, the old Board was run almost as cosily as the Civil Service. Many of the staff had voted nowhere else, effective marketing was unknown, and profitable facilities were offered for prestige—or perhaps because nobody had worked out whether or not they made money.

The new company, which came into being on August 1 this year, has to operate in quite a different way. It has until the end of 1973 to pay its way, though not necessarily to pay its debts. Under the chairmanship of managing director George Brimyard (a transport expert) it has already effected enough ideas on im- proved efficiency to fill a note- book.

Examples where considerable savings are due to be made are the old South Docks, busy but inefficient. These are to be used, and their work trans- ferred to other parts of the port. There is the matter of the railway system, of spend- ing down the expensive in- frastructure in Liverpool, among employees, that some 10,000 a year on police Government financial help may yet be necessary. After all, the administrative cut-backs, and— national stake in the port has increased considerably over the unprofitable operations. As years.

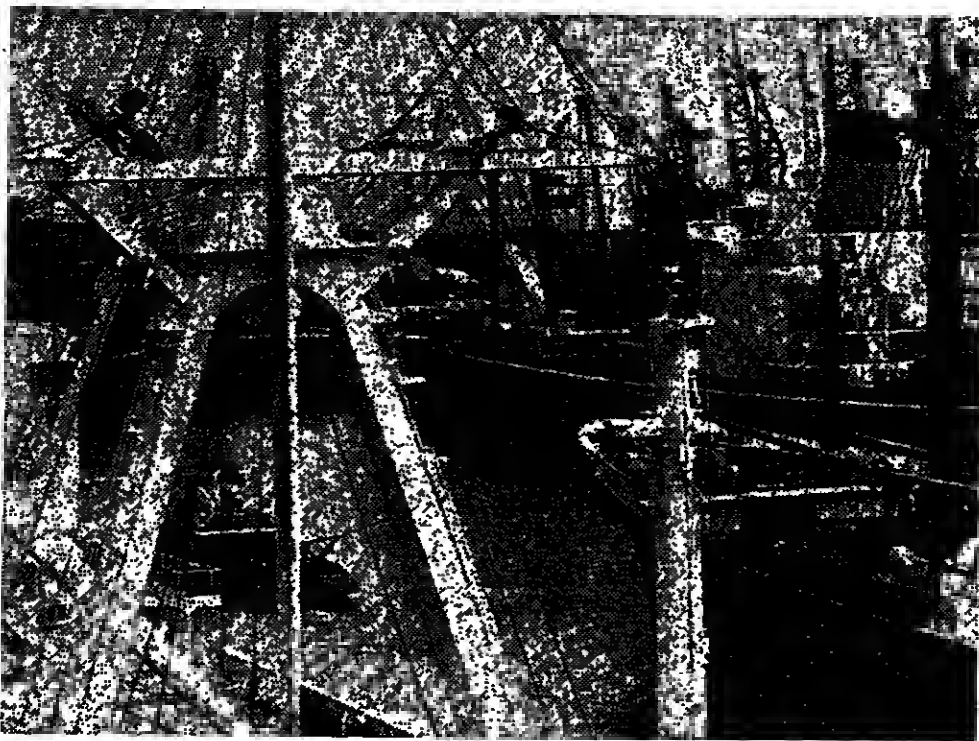
Brimyard says: "We want business, not just any- body's business."

The second factor concerns improved industrial relations. of the port. People will take is ironic that the beneficial notice if one ship in Liverpool gets of decasualising the is idle, whether or not the other is in 1967 had scarcely had 69 are working. They will gasp at to work before the previous at the size of the port's capital and collapsed. In common debt and at its previous losses.

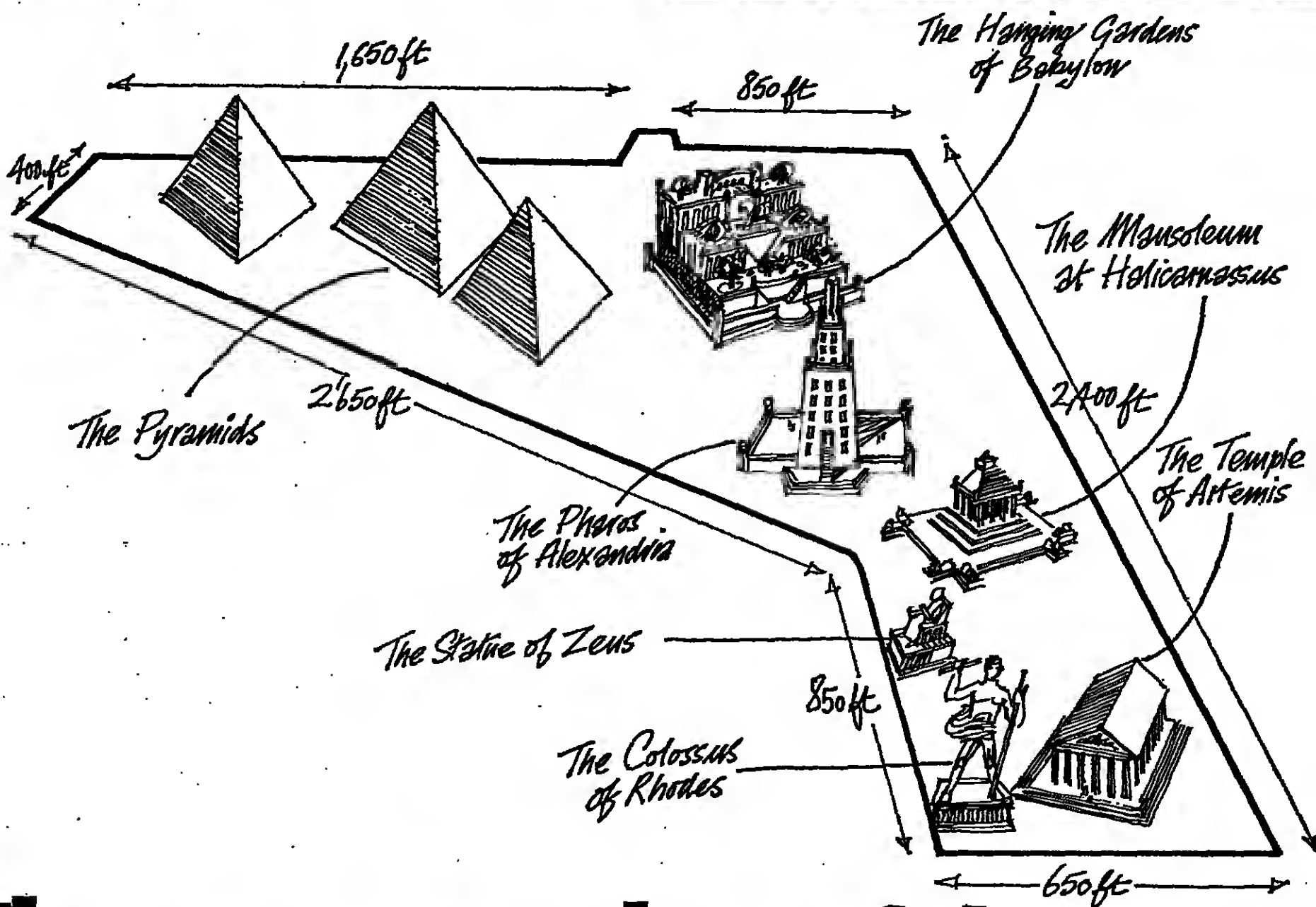
What they do not see, and is important that they do so, is the range and extent of the port's trading. Even at pre- sent standards of efficiency this makes an operating profit before loan interest charges are deducted. It imports each year over 11m. tons of petroleum, 1.25m. tons of grain, 1.5m. tons of metal ores, nearly 1m. tons of food oils.

It exports 1m. tons of machinery, nearly 1m. tons of chemicals, and 100,000 tons of salt. It receives ships from Poland to the Pacific Islands, from West Africa, from the Far East. The only place it does not take ships from is the Antarctic. It exports massively to the U.S., to Canada, to India and Pakistan, and to Australasia. Indeed, the place is a floating geography book.

Viewed in this way, there is no cause for gloom over the future of Liverpool as a major port. Indeed, were it to col- lapse, the country would also have collapsed. That is the extent of its importance as our major exporting port. With the coming of the Common Mar- ket, and with the growing chal- lenge of the North European island of the port holds rather than decrease. If there is one lesson to be learned from the competitive European ports it is that they receive Govern- ment subvention in one form or another.



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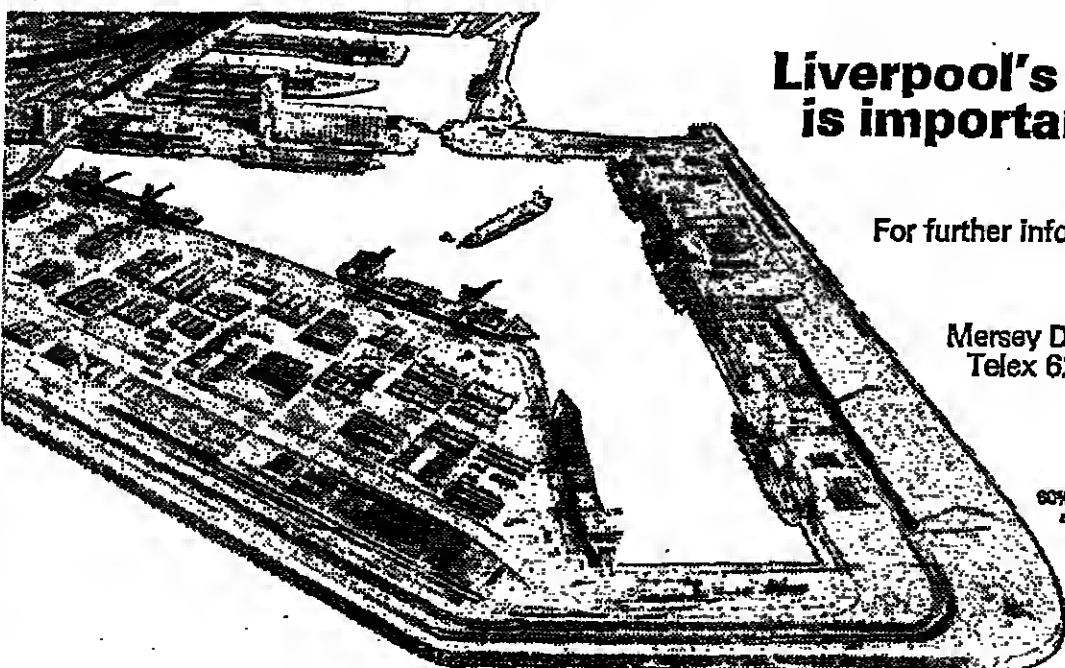
Elsewhere in the Port we are building more new berths special- ising in break-bulk cargo, keeping ahead of every development in sea transport.

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LIVERPOOL AND MERSEYSIDE III

Finance institutions enjoy regional advantages

By SANDY McLACHLAN

The financial centre of Liverpool Exchange has 116 longer want to touch. However, character of the area some firms in Liverpool, too, brokers are tend to specialise in traditional Liverpool activities of shipping and insurance.

As with other regional firms first started in Liverpool in the late 18th century to meet local needs, and the origins of Liverpool as an insurance centre are in fire, although marine insurance is obviously older. It was swingeing rates charged by London firms on Liverpool risks which prompted local businessmen and merchants to club together to underwrite their own risks at better rates.

In the 19th century, insurance flourished in Liverpool, spurred by the opening, in 1828, of the Liverpool-Manchester railway line, which enhanced the city's position in commerce and trade. The late 18th-century and early 19th-century companies did not, in the main, survive long, but in the 1830s the industry got a firmer footing. The Royal was founded in 1845, and grew throughout the rest of the century by the process of increasing business and acquisitions common throughout the industry.

Gradually, however, changes within the insurance industry which changed the character of the business first from regional to national, and more recently from national to international, undermined Liverpool's position as an independent insurance centre. The large number of independent companies dwindled rapidly as the process of mergers within the industry accelerated. Many of the Liverpool companies were absorbed into the Royal, but others went to outside insurance groups, for example, the take-over of the State by the Guardian Royal Exchange.

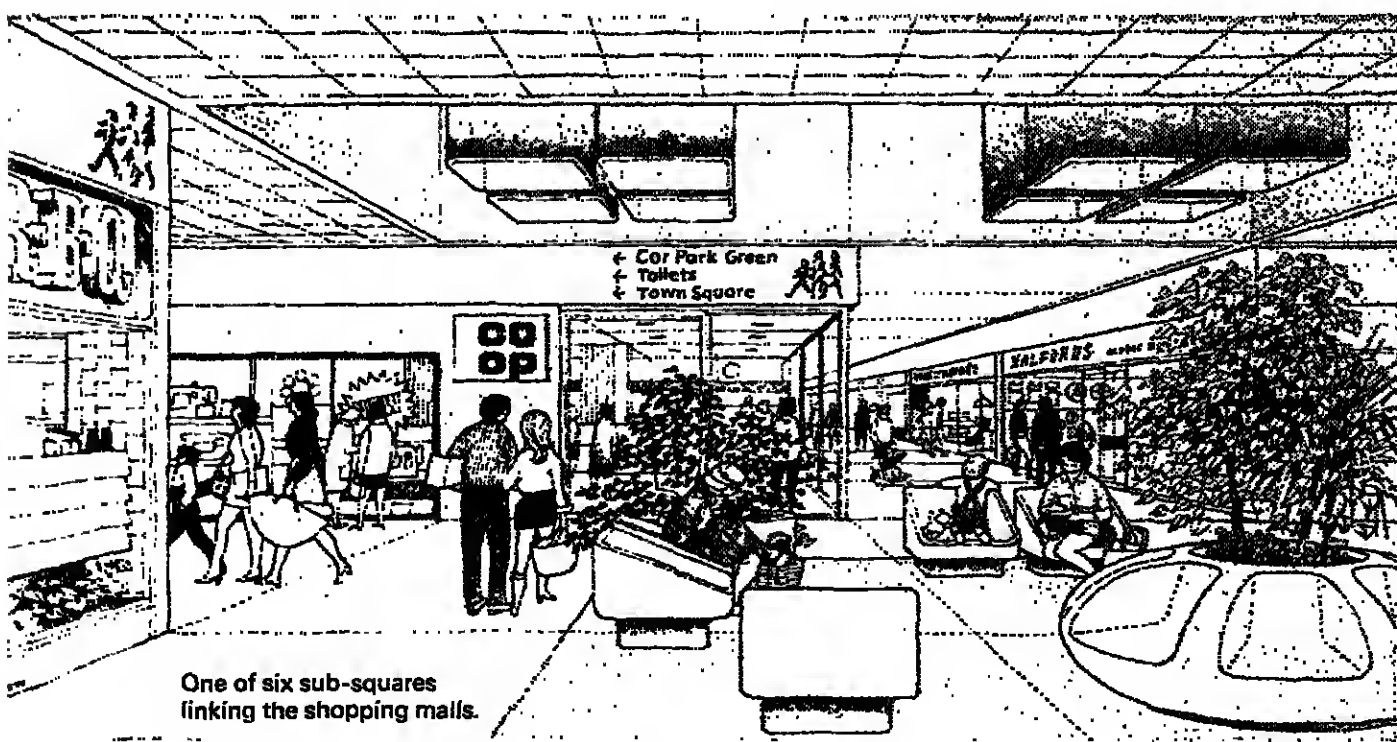


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Major presence

The Royal is now the major independent insurance presence in Liverpool, and runs the whole of its U.K. underwriting from the Liverpool office. However, the national business and general policy decisions has switched to London.

Nevertheless, insurance still flourishes in Liverpool. Considerable marine insurance is done, including a substantial volume of overseas business. Liverpool no longer has its own delegation to the International Union of Marine Insurance, but the main reason for this is that closer co-operation between the Liverpool Underwriters Association and the Institute of London and Liverpool has made it more sensible to have a single delegation to represent the British company market abroad. The

chairman of the LUA is a member of this single delegation. Another arm of the insurance world which thrives in Liverpool is that of industrial life insurance. A number of companies in this field are based in and around the city.

In banking Liverpool's position suffered a symbolic decline when the city's home grown bank, Martins, was absorbed by Barclays, and its head office switched to London. However, the effects of this were greater on Liverpoolian pride than on anything else, and competition between the banks has in no way diminished.

Liverpool has always been heavily hanked, and prior to the series of mergers between the banks the two main presences were Martins and the Midland—although of course all the major groups were represented to a greater or lesser degree.

It is possible to argue in fact that the mergers created a more competitive situation since the merger of Westminster with the National Provincial introduced a third force in the area. With Lloyds not far behind.

The loss of the only bank head office situated locally has not subjected Liverpool trade and industry to the sort of arm's length banking from London that one might have expected. This is largely due to the increasing regional decen-

tralisation which the major clearing banks themselves are pursuing as a matter of policy. All over the country, far fewer decisions have to be referred from regional level back to London, and this has compensated Liverpool to a substantial degree for the loss of its locally based bank.

For example in the case of Barclays, only 5 per cent of decisions referred to the Liverpool head office fall into a category requiring a further reference to London, and of course the vast majority of cases are not even referred up to the local head office from branch level. These figures are probably fairly representative throughout the banks.

Well served

But while Liverpool is abundantly well served by clearing banks it has never attracted a great deal of attention from the merchant banking community. Barings, which has had an office there for well over 100 years, has pretty well collared the market, although Edward Bates Mounthall has an office

there, and ICFC opened up an office around three years ago. Most of the merchant banks have plumped for a base in the more central Manchester area.

Apart from its geographical position, perhaps the most distinctive feature about Liverpool is its relative lack of manufacturing activity, and its heavy concentration on service industries. With its roots in the port and the commerce springing from it, Liverpool has never developed a skilled labour pool in the way that the Midlands has. New towns and Government investment incentives are gradually attracting manufacturing industry to the area around Liverpool (including a number of U.S. subsidiaries), but indigenous businesses are still heavily biased towards the service industries. Football pools and mail order are obvious examples, but ICFC's portfolio of investments in small, up and coming companies is heavily oriented in favour of the service industries. A whole series of service trades ranging from wholesaling and retailing through warehousing and transport to printing, building, and plant hire.

Friends and neighbours

By CELIA LUCAS

The highway system of the 70s is creating a strange paradox that is nowhere more apparent than on Merseyside.

The great new roads—the mid-Wirral motorway, the M62 to Manchester and Leeds, the M56 linking the industrial centres of Ellesmere Port and Runcorn, the M6 linkways and the city ring roads, all planned for completion by 1980—are forging the area into an ever tighter unit while at the same time encouraging the independent growth and development of the communities they bring together.

All roads may lead to Liverpool but not everyone travels them with the determination of a pilgrim to Mecca. Liverpool's neighbours see a future of greater freedom from the conurbation, industrially, culturally and in their shopping and housing needs.

If improved communications make Liverpool more accessible and attractive they do as much and more for her neighbours, no longer content to rest in the shadow of their Big Shipping Sister on the Mersey.

Strangely, Liverpool's closest neighbour, Bootle, is the most fiercely independent of the surrounding communities. It is justly proud that the major docks of the Mersey are within its boundary—Gladstone, Ruskin, Canada, Brocklebank and part of the new Seaford dock extension, the Container Depot at Orrell, will be on Bootle land.

Bootle commuters

The proximity of Liverpool has in the past encouraged Bootle's white-collar residents to seek work in the big city—nearly 4,000 in 1966. But with the establishment of the £15m. Giro headquarters in 1968 giving employment to 2,250 people and Bootle's own massive office development—over 1.2m. square feet since 1963—a far greater range of jobs is being offered.

Crosby sees its future in the £35m. Seaford port with its huge cold meat stores and grain silos. A new road pattern to cater for the docks traffic is in the process of construction and the main Southport to Liverpool Road is being dualled.

Oddly enough, the number of extra people employed in the port will not be great and Crosby still sees itself as a chiefly residential borough, a seaside dormitory for Liverpool, where people can find a good education for their children—there are four direct grant schools in the borough—and pleasant relaxation in the 160-acre leisure area with yachting lake, parkland and miniature golf, now being fashioned out of the shoreland.

Southport, though 20 miles from Liverpool, is very much a commuter town with rush-hour trains running every 10 minutes into the city centre. The new housing development at Ainsdale, on the Liverpool road, reinforces the commuter policy of the future. The town's com-

Continued on next page

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15.00	17.45
16.50 SX	19.25
17.00	19.45
*17.55 SX	20.25
18.30	21.10
19.40 SX	22.15
19.55 SX	22.35

*The Liverpool Pullman is a Pullman service. The daily Pullman service is only on Saturdays.

LIVERPOOL AND MERSEYSIDE IV

Change and challenge for managers

By ROLAND PEPPER, North West Area Director, AIC Management Consultants

In recent years some very worker attitudes. The local bard things have been said about the industrial and commercial scene on Merseyside, and to make the best progress with the troublesome docks and motor industries taking to dominate the Merseyside image. People living outside the area are often unaware of the many other activities which make up the region's economy. It would take an investigation of some magnitude to determine the whole truth about Merseyside; and, if it were done, it would certainly provide some valuable lessons for all managers and business students. However, since this information is not to hand, perhaps one might indulge in the hazardous task of passing a few opinions.

The Merseyside managers are probably little different from their counterparts anywhere else in the U.K. What does appear to be different, however, is the situation in which they find themselves and the circumstances to which their managerial skills must be applied.

Merseyside has been referred to both as a "manager's graveyard" and, by Liverpool itself, as a place of "change and challenge." Undoubtedly, Merseyside is changing. It is attempting to diversify its economy and absorb new companies, many of them technologically based, into the area. At the same time, many of the traditional businesses of the region are contracting.

Crucial factor

The managerial environment in Merseyside is compounded by many factors, but the crucial difference appears to be in their unique combination. Some of these factors are geographic, some economic and some social. Some of them are external factors which, although not generated locally, or controlled from the area, have a great bearing on the Merseyside situation. The peculiar amalgam of circumstances has produced a situation where the risks of managerial failure for the mercurial, or situationally insensitive, can be high.

One of the key factors in management on Merseyside is

Main development

The main development of Liverpool took place in the 18th and 19th centuries, when a trade was built up with the West Indies, America and the West Coast of Africa. The Industrial Revolution further stimulated the port's development and the Irish immigration problem of the 1840s and generally harsh employment conditions also left their mark. Together they left a heritage of fierce working class loyalty and a cautious approach to innovation.

A further factor in the Liverpool equation has been the influx of new industry to the area. Persistent unemployment, coupled with the decay of some traditional industries, led to the setting up in the 1930s of industrial estates at Alnby and Speke. After the war, another estate was built at Kirkby. Since the war, under the stimulus of Government policy, there has been an influx of new companies into the area, but their assimilation was not entirely trouble-free. Even with high unemployment levels, there was some competition for certain types of labour which disturbed the established labour market and tended to force up wage rates. Again, these changes which all had an effect on the problems confronting the Merseyside manager.

With the influx of new companies, a new phenomenon became apparent—management by remote control. Some of the businesses which came to the area, were small offshoots of large companies which were set up complete with executives, industrial relations policies, management styles and attitudes which were carbon copies of those used at the parent company. However, as in surgery, transplants have to be under taken with great care otherwise the classic rejection reaction is quickly provoked.

Young managers exiled to the wilds of the North for a few short years found that they must either adapt the policies to local conditions, or pursue courses of action which were foredoomed to failure. Some companies adapted very successfully, while others attempted to force through, with disastrous results, policies which had been satisfactory in other parts of the country. In any event, the local manager was in a position from which it was difficult to emerge with much glory.

The case histories of some of the unsuccessful companies are interesting, if depressing, studies. A little while ago, a very successful southern company moved to the North, and within two years was on the point of insolvency. The directors of the company were very bitter about their failure and criticised the Merseyside attitude as being responsible for their predicament. This was a simple and easy answer, but unfortunately, the real facts were a little more complex.

Labour available

For example, no real check had been made as to the availability of labour required for their operations. Operatives were given no adequate training in the work they were expected to perform. The key staff of the company had refused to move North, and, indeed, had not been asked to do so until the new factory had been purchased. No calculations had been made as to the volume of business which would be required to utilise profitably, the capacity of their new, and larger northern plant. The time-scale which had been allowed to achieve the required levels of throughput was wildly optimistic and could hardly have been achieved had they been sufficiently lucky to bring their entire skilled staff North with them. In these circumstances, failure was almost guaranteed.

In addition to this influx, Merseyside, in common with many other parts of the North West, suffered from the effects of the rapidly growing numbers of mergers and acquisitions. During recent years, the take-

over bid has been responsible for a great shift in industrial control from the north to the south or, possibly, sometimes to the other side of the Atlantic. This has been another factor which has introduced a feeling of remoteness into some local operations where delegation has not always been applied to the necessary degree. The effects of this are usually felt most on the industrial relations aspects of business.

Another undesirable aspect of the takeover has been the emergence of the short-term manager. Some businesses have suffered from a succession of "young men from group" who were sent north to "get our new acquisition working on the right lines." There has been a brisk turnover in this type of manager and the Merseyside worker quickly developed his own method of dealing with this phenomenon: he simply delayed actioning any instruction and eventually the visitor completed his northern exile and returned, with a sigh of relief, to the place from whence he had come.

Many companies have effectively established themselves on Merseyside with the minimum of disruption to their organisations. Many subsidiary companies operate very successfully in the area without any loss of real control by their parent companies. It is usually found that these companies have based their operations on sound planning, coupled with a sensitivity to local conditions and a desire to develop their local managerial talent.

Merseyside's own description of itself as a place of change and challenge is undoubtedly in the managerial sense a fair description. Management in a dynamic situation is never easy, but it is stimulating and rewarding, both in material and satisfaction terms. Merseyside is only a manager's graveyard in the sense that the weak perish so that the robust can flourish. The more one considers the situation, the more one tends to the view that maybe it is not a graveyard at all but a management birthplace for a better breed.

Neighbours—(Cont'd.)

Continued from previous page. Commercial future lies in its high-class shops which, as Liverpool admits, often lure the North Merseysiders more than those of the big city and in its elegance as a seaside town so near to and yet so different from Blackpool.

At present Southport has an estimated 2m. day visitors over the summer months. But plans are afoot to break into the package holiday business and negotiations to launch a "Southport package" and add to the 8,000 weekly staying visitors are taking place with the North West Tourist Association and Ribbles Motor Services.

South of the Mersey the towns of Wallasey and Birkenhead are vying to redress the imbalance of homes to jobs. By tradition territory towns to Liverpool rivaling between them some 1,000 workers for the city, they are now putting greater emphasis on their own industrial development and shopping centres.

Not that Birkenhead, one of Cheshire's two largest boroughs and a major industrial and

ship-building centre, has been slack in this respect. But, as the borough's Planning Department admits, there are more houses than jobs and an increase in available work would be beneficial to the economy. The vast £64m. shopping complex now being developed, which will bring the total central shopping area up to 850,000 square feet, will not only provide more jobs but a greater influx of money. Parking space for 2,000 cars—a 700-car garage is already built—will be an added inducement to shoppers to linger on Birkenhead's side of the tunnel instead of risking parking fines in the busy streets of Liverpool.

With the M53 nearing completion, Birkenhead is developing a 60-acre industrial site at Lapdock, just off the motorway. Arrow Park Hospital, with 1,000 beds, the largest in the area, is being built one mile off the motorway for completion in 1973.

Wallasey sees the new tunnels and the M53 approaches opening up the borough to industry as never before. But the borough will still remain primarily residential and helpful to this part of its development is the £4m. North Wirral sewer scheme planned in conjunction with Birkenhead, Hoylake, and Wirral UD which next year will open up 1,600 acres of land, previously banned from drainage, and provide Wallasey with enough space for 1,200 extra houses.

Ellesmere Port—with Vauxhall's immense 3.5m. sq.ft. of factory floor and the Shell refinery at Stanlow, one of the largest and most comprehensive refineries in the world—goes from strength to strength. On a population of 54,930 in 1968 an increase of over 30,000 is envisaged by 1984.

For work purposes only a tiny proportion of the population seek employment outside the borough, while thousands from the surrounding towns flock to its industrial centres to help fill the 34,000 jobs offered.

At present the town is fighting to stay in Cheshire rather than join the new Merseyside county. In spite of motorway links—soon the M56 North Cheshire motorway will connect Elles-

Chester's place

Chester, nearer to Liverpool by two miles than Southport, is yet in no way a dormitory town. A city in its own right, with its own excellent repertory theatre, it relies hardly at all on Liverpool and feels almost totally aloof from Merseyside. Its relationship with Liverpool is more that of the counter-attraction drawing the big spenders from an area reaching over the Wirral and beyond the Mersey to its high-quality shops. The city's retail turnover per head of population is higher than that of Liverpool or Manchester.

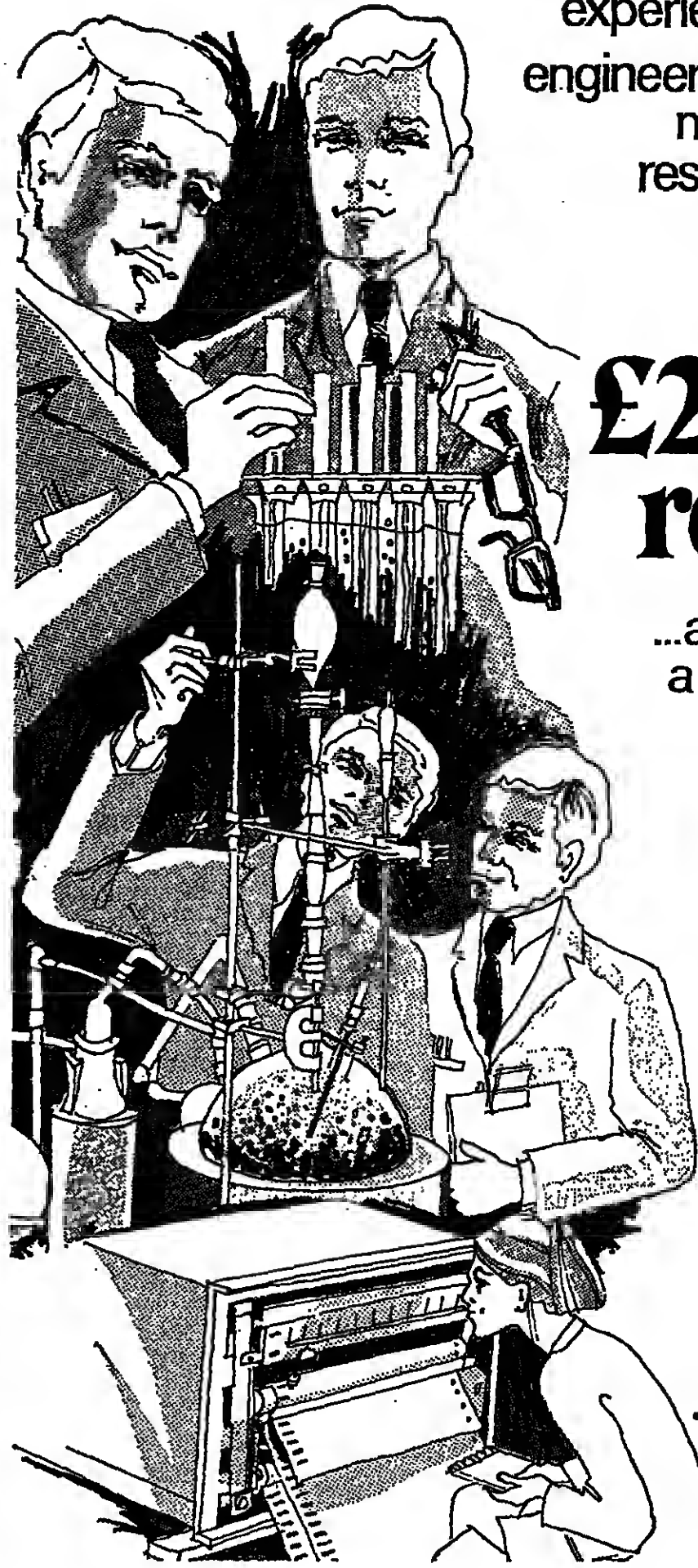
With all the independence and development plans of its neighbours Liverpool might be excused for feeling dwarfed. But a proud city with an impressive record in industry, commerce and culture, Liverpool can grant achievements to others without being in any way diminished.

Since 1961 Liverpool's population has decreased by 139,000 and its number of jobs by 6,000. Shoppers, too, have been lost to Southport, Chester and the new shopping centres. But the city is undergoing a change, not a decline. Industry, once centralised, is now diversified. Overcrowding in housing offices and factories has been reversed. The shopping area is being remodelled. And even Chester with its rival attractions of river, Roman walls and flourishing theatre cannot displace Liverpool as a cultural centre for music, theatre and art. Nor can any local football team rival the popularity of Liverpool and Everton whose fans from villages in Merseyside and beyond line up every at home Saturday for the coaches that will take them to the centre of their world.

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WALL STREET OVERSEAS MARKETS

Early technical rally fails—off 3.1

OUR WALL STREET CORRESPONDENT

EARLY TECHNICAL rally in its momentum on Wall Street day, when there remained the certain over the Nixon administration Phase Two up 0.2, held their ground. Meetings of the y and Price Boards this week help to clear the air, analysts id.

After rising 5.47 to \$33.37 a first hour, the Dow Jones Industrial Average slowly retraced to finish at \$33.38, for a loss of 3.14 on the day. The NYSE All Common Index dipped 0.25 to 332.34, while declines advanced by 93.3 to 428. Volume tallied 13.32m. shares, compared with the 13.24m. semi-holiday total yesterday.

Oils were popular. Amerasia rose 0.35 to \$34.35, but Exxon slipped \$1 to \$33.50, as did Arco Standard to \$32.34, while declines advanced by 93.3 to 428. Volume tallied 13.32m. shares, compared with the 13.24m. semi-holiday total yesterday.

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NEW YORK, Oct. 26

State Bonds were narrowly mixed. Trading was fairly active in the Foreign sector. Dollar stocks were slightly mixed, while Dutch stocks were generally well maintained.

STOCKS—Firmly trended. COPENHAGEN—Steady under one in moderate trading. VIENNA—Closed yesterday. JOHANNESBURG—Firmly trended in quiet trading. There were sellers in Financial Mining and Gold Producers. In other Metals and Minerals, Messel and Consolidated Mines closed.

Collieries, Tavistock declined. Banks were lower.

TOKYO—Market declined in limited trading. (77m.) shares on liquidation as dealers became reserved following the UN decision to admit the Peoples Republic of China and expel Taiwan.

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INDICES

NEW YORK

Index	Oct. 26	Oct. 25	% Chg.
Dow Jones Ind. Avg.	332.34	335.48	-0.92
NYSE Comp. Ind.	428.30	428.55	-0.06
NYSE Ind. Ind.	151.12	151.12	0.00
NYSE Ext. Ind.	151.12	151.12	0.00
NYSE Total Ind.	151.12	151.12	0.00

STANDARD AND POORS

Index	Oct. 26	Oct. 25	% Chg.
S&P 500	151.12	151.12	0.00
S&P 400	151.12	151.12	0.00
S&P 600	151.12	151.12	0.00

AUSTRALIA

Index	Oct. 26	Oct. 25	% Chg.
Australian Ind. Ind.	151.12	151.12	0.00
Australian Ext. Ind.	151.12	151.12	0.00
Australian Total Ind.	151.12	151.12	0.00

STOCKS

NEW YORK

Stock	Oct. 26	Oct. 25	% Chg.
Alcoa	48.12	48.12	0.00
Am. Airlines	48.12	48.12	0.00
Am. Express	48.12	48.12	0.00
Am. Intl. Corp.	48.12	48.12	0.00
Am. Oil & Gas	48.12	48.12	0.00

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OTHER MARKETS

Canada down again

Canadian Stock Markets further declined in light trading yesterday. Golds lost 1.12 on index.

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AUSTRALIA

Stock	Oct. 26	Oct. 25	% Chg.
Alcoa	48.12	48.12	0.00
Am. Airlines	48.12	48.12	0.00
Am. Express	48.12	48.12	0.00
Am. Intl. Corp.	48.12	48.12	0.00
Am. Oil & Gas	48.12	48.12	0.00

NEW YORK

Stock	Oct. 26	Oct. 25	% Chg.
Alcoa	48.12	48.12	0.00
Am. Airlines	48.12	48.12	0.00
Am. Express	48.12	48.12	0.00
Am. Intl. Corp.	48.12	48.12	0.00
Am. Oil & Gas	48.12	48.12	0.00

STANDARD AND POORS

Stock	Oct. 26	Oct. 25	% Chg.
Alcoa	48.12	48.12	0.00
Am. Airlines	48.12	48.12	0.00
Am. Express	48.12	48.12	0.00
Am. Intl. Corp.	48.12	48.12	0.00
Am. Oil & Gas	48.12	48.12	0.00

AUSTRALIA

Stock	Oct. 26	Oct. 25	% Chg.
Alcoa	48.12	48.12	0.00
Am. Airlines	48.12	48.12	0.00
Am. Express	48.12	48.12	0.00
Am. Intl. Corp.	48.12	48.12	0.00
Am. Oil & Gas	48.12	48.12	0.00

NEW YORK

Stock	Oct. 26	Oct. 25	% Chg.
Alcoa	48.12	48.12	0.00
Am. Airlines	48.12	48.12	0.00
Am. Express	48.12	48.12	0.00
Am. Intl. Corp.	48.12	48.12	0.00
Am. Oil & Gas	48.12	48.12	0.00

STANDARD AND POORS

Stock	Oct. 26	Oct. 25	% Chg.
Alcoa	48.12	48.12	0.00
Am. Airlines	48.12	48.12	0.00
Am. Express	48.12	48.12	0.00
Am. Intl. Corp.	48.12	48.12	0.00
Am. Oil & Gas	48.12	48.12	0.00

AUSTRALIA

Stock	Oct. 26	Oct. 25	% Chg.
Alcoa	48.12	48.12	0.00
Am. Airlines	48.12	48.12	0.00
Am. Express	48.12	48.12	0.00
Am. Intl. Corp.	48.12	48.12	0.00
Am. Oil & Gas	48.12	48.12	0.00

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

EQUITY GROUPS		Tuesday, Oct. 26, 1971		Monday, Oct. 25		Friday, Oct. 22		Thursday, Oct. 21		Wednesday, Oct. 20		Year to date (approx.)		High and Low Index	
GROUPS & SUB-SECTIONS		Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	High	Low
CAPITAL GOODS GROUP (194)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Aircraft and Components (3)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Building Materials (28)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Contracting and Construction (20)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Electric (Excl. Rad. & TV) (13)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Engineering (79)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Machine Tools (15)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Miscellaneous (25)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
CONSUMER GOODS (DURABLE) GROUP (56)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Electronics, Radio and TV (14)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Household Goods (15)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Motors and Distributors (27)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
CONSUMER GOODS (NON-DURABLE) GROUP (175)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Beveries (21)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Wines and Spirits (7)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Entertainment and Catering (15)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Food Manufacturing (24)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Food Retailing (17)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Newspapers and Publishing (15)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Packaging and Paper (19)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Stores (30)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Textiles (21)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Tobacco (3)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Toys and Games (6)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
OTHER GROUPS		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Chemicals (19)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Office Equipment (10)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Shipping (10)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02
Miscellaneous (unclassified) (44)		156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02

INDUSTRIAL GROUP (498 SHARES)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Oil (2)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02

500 SHARE INDEX	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
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FINANCIAL GROUP (121)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Banks (6)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Discount Houses (6)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Hire Purchase (6)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Insurance (Life) (9)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Insurance (Composite) (9)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Insurance (Brokers) (11)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Investment Trusts (20)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Merchant Banks, Issuing Houses (14)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Property (31)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Miscellaneous (9)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02

ALL-SHARE INDEX (821 SHARES)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
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COMMODITY SHARE GROUPS (Not included in the 500 or All-Share indices)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
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Rubbers (10)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Teas (10)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Coppers (4)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Mining Finance (11)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Tins (8)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02

FIXED INTEREST	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
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Consols 2½% yield	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
20-yr. Govt. Stocks (8)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
20-yr. Red. Debentures & Loans (15)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Investment Trusts Pref. (15)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Commercial and Indust. Pref. (20)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02

Base Date	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
20-yr. Govt. Stocks (8)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
20-yr. Red. Debentures & Loans (15)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Investment Trusts Pref. (15)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Commercial and Indust. Pref. (20)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02

Base Date	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
20-yr. Govt. Stocks (8)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
20-yr. Red. Debentures & Loans (15)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Investment Trusts Pref. (15)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02
Commercial and Indust. Pref. (20)	156.02	+0.1	156.11	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	+0.1	156.02	156.02	156.02

1 Retailing	28/12/67	114.13	A current list of constituents of the F.T.-Actuaries Share
Finance Brokers	28/12/67	96.67	Indices can be obtained from the Publisher, the Financial Times
Finance	28/12/67	100.00	Bracken House, Cannon Street, London, EC4A 4BY, price 13s
ing Finance	28/12/70	144.26	Ex.most inland 16s. Commonwealth 16s. Foreign 19s.

ENGINEERING AND METAL—Gen. Cont.

HOTELS AND CATERERS—Continued

[illegible]

[illegible][illegible][illegible]

INDIA AND PAKISTAN (Contd.)		
	1971	Closing Price
High Low		
51	31	28
52	31	28
53	31	28
54	31	28
55	31	28
56	31	28
57	31	28
58	31	28
59	31	28
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For Notes, see Stock Exchange Dealings.

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Index rose 3.3 to 405.9

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Weather

U.K. TO-DAY
A large anticyclone covering most of Europe will maintain S. to S.E. airflow over the British Isles. It will be generally dry, but some rain in the early morning, most places will have sunny spells. Max 15, min 8. Temperatures will be a little above the seasonal normal, but there will be slight frost in some inland areas at first.

London, S.E. Cent. S. and E. England, E. Anglia
Mostly dry with sunny spells after some fog patches. Wind light or moderate. Max 15 (S.E.), min 8 (N.W.).

Wales, Midlands, N.E. Cent. N. and N.W. England, Lakes
Fog patches, then sunnier. Wind S.E. light to moderate. Max 15 (S.E.), min 8 (N.W.).

Channel Is., S.W. England
Dry with sunny spells. Wind S.E. to E. Max 15 (S.E.), min 8 (N.W.).

N. Ireland, L. of Man
Variable cloud. Sunny spells. Wind S.E. Max 15 (S.E.), min 8 (N.W.).

Borders E. N.W. and S.W. Scotland, Edinburgh, Glasgow, Argyll, Cent. Highlands, Dumfries, Shetland
Sunny periods, but patches early and late. Wind light. Max 15 (S.E.), min 8 (N.W.).

Orkney, Shetland
Mostly dry with sunny spells. Wind S. moderate. Max 15 (S.E.), min 8 (N.W.).

Outlook: Mostly dry sunny spells, but some fog at night and morning.
Lighting-up: London 18.19, Belfast 18.29.

BUSINESS CENTRES

City	Time	City	Time
Amsterdam	12.15	Luxembourg	12.15
Antwerp	12.15	Madrid	12.15
Brussels	12.15	Moscow	12.15
Frankfurt	12.15	New York	12.15
Geneva	12.15	Paris	12.15
Hamburg	12.15	Rome	12.15
London	12.15	Stockholm	12.15
Lyons	12.15	Switzerland	12.15
Manchester	12.15	Vienna	12.15
Milan	12.15	Zurich	12.15

HOLIDAY RESORTS

City	Time	City	Time
Algeria	12.15	London	12.15
Alexandria	12.15	Madrid	12.15
Algiers	12.15	Moscow	12.15
Barcelona	12.15	New York	12.15
Bombay	12.15	Paris	12.15
Buenos Aires	12.15	Rome	12.15
Calcutta	12.15	Stockholm	12.15
Canton	12.15	Switzerland	12.15
Cebu	12.15	Vienna	12.15
Hankow	12.15	Zurich	12.15
Hong Kong	12.15		
Kobe	12.15		
Lyons	12.15		
Manila	12.15		
Shanghai	12.15		
Singapore	12.15		
Tientsin	12.15		
Yokohama	12.15		

THE LEX COLUMN

Traders' growth behind the veil

Analysts may moan about lack of disclosure for as long as they like, but in the case of companies like Harrison and Crossfield or R. G. Shaw—where earnings growth can be taken more or less as a matter of course—their complaints can sound like sheer petulance. Thus after 15 per cent. plus annual compound earnings growth since 1964-65, H and C has emerged from 1970-71 with profits £217,000 higher at £3.84m. before tax and an exceptional £200,000 long term investment profit. That takes in a slowdown in second half investment income growth following a hiccup in the timing of dividend receipts, and growth elsewhere on a wide front.

The current year promises progress as usual, with the group's palm oil connections insulating it against a weak rubber price. As a p/e of 191—or around 16 attributing the stake in Sabah Timber—can look after itself even without a breakdown of the four associate companies' profits or the recurring, silly, bad stories.

In the case of R. G. Shaw, however, all in the way of

associated company income and worth will be revealed in the forthcoming accounts. After 1970-71 profits growth from £223,000 to £241,000, that should make interesting reading. At 530p, Shaw is capitalised at £12.1m.; its holdings in Sime Darby is worth some £15m.; its other quoted holdings have a market value of over £1m.; and in August the group sold its holding in Orient and General Investment for £1.5m. of Rothchild Investment Trust convertible against a book value of around £1m. The attribution sum on Sime Darby could be worth another 8p or so on earnings of nearly 31p, and there is hidden fat elsewhere, too, with the Indian company, for example, paying a twice covered dividend to Shaw of around £40,000. The drawbacks, of course, are the narrowness of the market and Sime's interlocking holding of around a fifth of the equity.

See also Pages 25 and 26

Minet Holdings

Minet Holdings has a high quality image in the insurance

broking sector and it will stay on that way after a brisk set of interim figures: brokerage is up 18 per cent. in line with expenses, and with underwriting income, investment income and associated company profits (notably South Africa and Zambia) all well up, the overall pre-tax total is about 25 per cent. better at £770,000. Not too many chickens could be counted at this stage, as the second half—contributing normally about 70 per cent. of annual profits—is the crucial period. In fact the second half profits growth rate is likely to be more closely linked to the brokerage trend, with investment income, for example, liable to be affected by the drop in interest rates. But that prospect should not disturb the shares, up 22p yesterday at 342p.

The weak area recently has been the U.K., which has still been in a broker's and profits. Still the U.K. contributed only just over a fifth of brokerage income in 1970, so a dull patch here can be weathered fairly easily. The

corollary—a heavy dependence on the U.S.—does leave Minet vulnerable to a depreciating dollar, but that is unlikely to make a difference of more than a point or two to the overall growth rate. Reckoning on a pre-tax rise of 18 per cent. for the year, earnings could be 17.5p a share for 1971 against 14.8p, and Minet deserves its relatively high prospective p/e of 181.

See also Page 26

Trafalgar/Limmer

Limmer has justified its rejection of the 31p a share bid from Trafalgar as the most effective way—by getting agreed terms of around 60p in shares and loan stock from Trafalgar House. The deal certainly gets the Limmer Board off one particularly awkward hook, in that it will not have to stick its neck out so far with forecasts which—in the light of possible 1971 losses—could be embarrassing.

For Trafalgar, it is a matter of arguing that its existing management can solve the Fitzpatrick problem better than Trafalgar could.

while it gets a needed entry into road surfacing via Limmer itself. For the outsider, of course, these arguments—in which acquired interests either strengthen the bidder or fill in gaps, as the case may be—are not particularly helpful. But since the £71m. bid only stands to increase Trafalgar's equity about 44 per cent., the issue is not crucial either way.

See also Page 25

Hill Samuel

Earnings "in excess" of last year's was the expectation for 1971-72 from Hill Samuel after an improved first quarter. Now, after a "substantial" first-half improvement from the banking and business, the projection is "materially" higher profits for the group for the full year, and that is good enough to have pushed the shares up 11p to 137p in the past two days.

The bounce in the banking business derives above all from higher margins in sterling lending and secondarily from buoyant volume in the currency business. Whereas last year's problem was a cost push on

restricted U.K. volume, the drop in short-term borrowing rates this year on better volume will probably continue to hold margins above average for the rest of the year. Elsewhere, the insurance companies are providing positive impetus, the overseas banking business had recovery potential, and a better London stock market has an obvious message.

It would seem fair then to project a minimum net this year of say £3.5m. against last year's reported £2.88m., for earnings of just over 7p a share and a p/e ratio below 20. The danger is that the period will prove to be one of exceptionally high profitability, as both the sterling and the currency banking businesses enter what is recognisably an era of greater competition. But in Hill Samuel's case, there is no question of exorbitantly high returns on capital (perhaps 13 per cent. net on shareholders' funds this year), and the growth point remains that a number of financial services are still in the investment phase.

See also Page 25

Money crisis needs world solution, says Giscard

BY REGINALD DALE

LUXEMBOURG, Oct. 26.

MINISTERS of Finance of the Six are to concentrate mainly on the international aspects of the economic and monetary crisis rather than on settling their own internal differences when they meet informally in Paris next week. This was stated here today by French Finance Minister, Valéry Giscard d'Estaing, who will be in the chair at the November 4 meeting.

Mr. Giscard d'Estaing had earlier held a brief private meeting with Prof. Karl Schiller of the German Ministry of Finance. Neither of them would reveal anything of the substance of their talks, which lasted for under half an hour, except to say that they had been preparing forthcoming Ministerial meetings and in particular next week's.

Last minute

The decision to arrange today's meeting which was clearly set-up at the last minute, aroused keen interest here as it represented the first personal contact between the two Ministers since Chancellor Willy Brandt proposed the idea of a summit meeting with President Pompidou to try to reconcile the different views of the two Governments on monetary issues.

After the meeting, however, German sources tried to play down its significance, claiming that only general subjects had been discussed and that the meeting was "not so important". Prof. Schiller had nothing special in his mind in asking for the meeting, they said.

All Mr. Giscard d'Estaing would say of the discussions was that it had been "not unusual". High-level French sources said that the main significance of the meeting had been a general expression of goodwill and a kind of calculated reduction of its value to the recipients.

Germany was prepared to co-operate with Community partners on the monetary front.

There was some surprise here, however, at Mr. Giscard d'Estaing's remark that that was what they would concentrate on international rather than Community affairs. It had earlier been assumed that the Finance Ministers would use the occasion to try to overcome differences of view among the six themselves.

In particular, between France and Germany.

No firm date

The French Minister said that the main purpose of the meeting would be to prepare the ground for the Ministerial session of the Group of Ten, now likely to be held in the second half of November. He added that no firm date had yet been fixed for the Group of Ten talks, which, it is thought here, will most probably take place in Rome.

Mr. Giscard d'Estaing said that although a solution to the Community's divergences of view might be helpful, it was not the real answer to the present crisis. His remarks were quite different in emphasis from ideas that have recently been put forward by Germany to the effect that the Six should agree on an interim realignment of their parities to prepare for negotiations with the U.S. and other countries at a later date.

The main problem appears to be that France and Italy would like to see a global solution to all aspects of the problem, including a realignment of Community parities, worked out in the course of negotiations with the U.S. in the Group of Ten. Germany and the Netherlands would prefer to go into negotiations with the U.S. only after

the Six have established a common position.

The German and French Ministers but in only a brief appearance at the council meeting of Finance Ministers here—the ostensible reason for their presence in Luxembourg—before returning to their national capitals. The council meeting was aimed at co-ordinating national short-term economic and budgetary policies in the framework of the Six's planned move to economic and monetary union by the end of the decade. But most of the Ministers agreed that much of the interest had been one of debate now that the monetary crisis has halted progress on most major aspects of the plan.

The council discussion was based on a report on short-term economic policy for 1972, drawn up before the announcement of the U.S. measures in August. Nevertheless, the report which warns strongly against inflation in the community, was approved in principle by Germany and the Netherlands.

Underestimate

Mr. Giscard d'Estaing said he was worried that the report underestimated the risks of recession in the community, and feared that growth might be hampered if all its recommendations were accepted. Jurisdiction would have to pursue its policy of stabilisation but that Bonn was ready to take measures to boost the economy when the moment was ripe.

The report, which recommends that price rises in the Community be brought down to between 2 and 3.6 per cent. in the last quarter of next year, and wage rises to between 6 and 7 per cent., was finally adopted by the Ministers' Council with only minor modifications.

Officials of DTI acted with zeal-QC

By John Hunt

OFFICIALS of the Department of Trade and Industry acted with more than average competence and zeal in dealing with the Vehicle and General Insurance Company, Mr. Peter Webster, QC, told the V and G Tribunal yesterday.

Mr. Webster, who represents the DTI and its officials, said that it was a matter of great regret to him that any company should collapse. But having expressed that regret it could not follow that they accepted responsibility for it.

"I submit that each of these officers acted throughout with much more than ordinary or average competence and zeal," he declared. "I would not say that they never made a mistake. But they made many fewer mistakes than many equivalent people would have made in their shoes. They stood out as persons of very considerable expertise and competence."

He referred to allegations by Sir Elwyn Jones, QC, representing policyholders and shareholders of V and G, that Mr. C. W. Jordine, Under-Secretary in charge of the department's Insurance and Company's Branch, had not really exercised any effective appellate jurisdiction to which his juniors could refer.

This, said Mr. Webster, was not so. It was clear that Mr. Jordine had been exercising independent judgment. In his submission all the officers in the branch were exercising "rather vigorous" independent judgment. This was certainly the case with Mr. Knight, Mr. Home-wood and Mr. Jordine and they had all come to the same conclusion, he said.

The only difference between Mr. Knight and the others was on the interpretation of the legal powers, and not the interpretation of the facts.

Report, Page 16

Fraser to head R-R Motors

BY MICHAEL CASSELL

MR. IAN FRASER, the first director-general of the Panel on Take-overs and Mergers, has joined the Board of Rolls-Royce Motors and will become its chairman in December.

Mr. Fraser, who is 58, will succeed Dr. F. Llewellyn Smith, who has been with Rolls-Royce since 1933 and was appointed chairman of Rolls-Royce Motors on its formation in April of this year.

The new chairman will take up his duties on December 1, just four months before he leaves the

England to be the first director-general of the take-over panel and relinquished all his directorial duties. His two-year appointment was extended to March, 1972, when he will join Lazard.

Dr. Llewellyn Smith, who is 62, became a technical assistant with Rolls-Royce 38 years ago, working on experimental aero engine projects at Derby. A director of the company from 1947, he was made managing director of the motor-car division in 1954 and became its chairman in 1967.

The following year he was appointed group executive, president of Rolls-Royce Holdings Canada and chairman of several Rolls-Royce subsidiary companies. Dr. Llewellyn Smith was made group managing director (Automotive and subsidiary companies) of Rolls-Royce in 1970 and became chairman of the newly-formed Rolls-Royce Motors in April, 1971.

Men and Matters, Page 22



Mr. Ian Fraser

Redundancies at BSA: "no alternative"

SIR JOHN EDEN, Minister for Trade and Industry, last night accepted with "deep regret" that BSA has no alternative but to reduce the number of workers at its Small Heath, Birmingham, plant.

"It needs to be clearly understood that unless BSA rationalises its motor-cycle business, all the 7,000 jobs in it will be put at risk. As it is, about 4,000 of these jobs will be safeguarded," Mr. George Wright, of the Transport and General Workers' Union, said in Birmingham last night. "They have failed to convince us that there is no other alternative to redundancies."

Formerly a director of merchant bankers S. G. Warburg, Mr. Fraser became a director of BSA and of the Wagon Finance Corporation. In 1969, he was appointed by the Bank of

THF: Allied Board meet to-day to discuss next move

BY SANDY McLACHLAN

THE ALLIED Breweries Board will meet to-day to discuss whether to proceed with an offer for Trust Houses Forte following the THF rejection of its request for friendly talks. It is not clear yet which side will win, but it does appear that the THF attitude towards talks with Allied is less co-operative than Allied had expected.

Certainly Allied, and its advisers, Rothschilds, face no easy task if they decide to go ahead with a bid. In the first place THF cannot be an easy company to value without any indication of the effect of the Boardman spin-off, and the split itself is a complicating factor.

It is clear, too, that the THF Board will reject any bid a generous offer in spite of its division. And Allied must be aware that the stiffest resistance

will come from Sir Charles Forte, who influences 20 per cent. of the equity.

A unique difficulty in the THF situation is the council of trustees, which has a tiny shareholding but voting control. Lord Hacking, the chairman of the council, has made it clear that the council will bend over backwards not to interfere in any bid situation, which it regards as the preserve of the Board and THF shareholders.

Legal advice

However, there is no doubt that the council could block the move, and the trustees have the duty to make sure that the provisions of the trust deeds are not breached.

One point on which they will undoubtedly be seeking legal advice is whether or not the

council could be wound up if THF is taken over, and whether it could accept any offer in respect of its own votes. If these prove to be problems, then Allied might find itself in the awkward position of having less than full control over a quarter of the enlarged group. And at the least, the council would almost certainly impose conditions on the merger.

The two sets of THF financial advisers, Warburgs and Schroders, will be meeting Lord Crowther and Sir Charles Forte to-day in a routine meeting to review the situation.

THF shares moved erratically yesterday as the market tried to form a view of likely developments. They finally closed at 155p for a net gain of 1p, having been higher in earlier trading.

Ulster 'in a stronger position'

BY JOHN GRAHAM

BELFAST, Oct. 26.

THE authorities were now in a very much stronger position to defeat the terrorists over the short haul than they were two months ago, Mr. Brian Faulkner, Prime Minister, said to-day. Mr. Faulkner told a Press conference with every day that passes he receives evidence of the success of the policy of internment in shortening the campaign of violence.

Nevertheless, the Prime Minister warned only last night that the country should prepare for a "all out effort" by the IRA. He said that the security forces were ready as never before to meet such a challenge. The challenge, he explained, would come in the light of the increasing number of defeats suffered recently by the IRA.

Mr. Faulkner defended his relative confidence even against

the figures. Since internment was introduced on August 9, 74 there have been killed in Northern Ireland, compared with 60 in the two years before.

There were two more deaths to-day, one of them when a civilian died of wounds received during last week's fighting. The other was a Mr. McFarland, a Protestant. He was found blindfolded, gagged and shot through the head in an alley in east Belfast.

Mr. Faulkner went on to say that when peace is restored, there will be a far better chance for political progress for the people of all communities than there has been for some time. He also announced the appointment of Mr. Basil McIvor, a Unionist member of Community Relations, to a post which has been vacant for four weeks: it was formerly

occupied by Mr. Blakeley, the only non-Unionist in the Government at that time.

Mr. Faulkner has asked Mr. McIvor to pay special attention to the problem of social reconstruction. Mr. McIvor is considered to be a moderate within the Unionist Party; he is one of the few Unionist MPs who is not an Orangeman, and when he was his seat of the election he drew a large number of Catholic votes.

But Mr. Faulkner also appointed to-day a senior Parliamentary Secretary to the Ministry of Home Affairs. He is Commander Anderson, MP, who has been asked to take a special interest in the security situation on the ground. Part of his job will be to encourage recruitment to the police force and to the Ulster Defence Regiment.

Opposition opens its parliament" Page 27

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